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APEC Senior Officials
Report on
Economic and
Technical Cooperation

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**SOM 2002 REPORT ON
ECONOMIC AND TECHNICAL COOPERATION**

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FOREWORD

I have been privileged, in my first year as Chair of the ESC, to preside over the review of the mandate and role of the ESC. The review has been a timely and important activity of the ESC this year. It has allowed the ESC and, indeed the SOM, to reflect on the scope of APEC's ECOTECH Agenda, and how it should be managed and coordinated. We have concluded that the ESC's terms of reference are broad enough to enable the ESC to respond to the taskings of Ministers and Leaders and assist the SOM in managing and coordinating APEC's economic and technical cooperation (ECOTECH) agenda. One recommendation that SOM agreed to support is the renaming of the ESC as the SOM Committee on ECOTECH, with no change to the original mandate. I believe that dropping the 'sub-committee' tag will not only make the nomenclature consistent across APEC, but also help clarify the ESC's status when dealing with external bodies.

As ESC Chair I am convinced of the necessity for APEC to distill a short list of objectives, along with appropriate strategies and wherever possible measurable outcomes, for its ECOTECH activities. Preliminary discussions were held with the CTI Chair, the SOM Chair, and representatives of the ESC and CTI, on 14 August in Acapulco. Such discussions contribute positively to the ESC's efforts to enhance the horizontal interaction with APEC fora.

To that end, the ESC has also encouraged the participation of APEC Working Groups in its meetings. The Lead Shepherds of the Human Resources Development Working Group, the Fisheries Working Group and the Tourism Working Group were able to do so and I wish to record my appreciation for their contributions to the ESC's deliberations on ECOTECH matters.

Following fruitful discussions in APEC last year on bridging the digital divide and the capacity building required to support such efforts, the ESC completed its task of developing an 'APEC Human Capacity Building Strategy for the New Economy'. The strategy was approved at SOM I in February 2002 as a deliverable to this year's APEC Ministers' and Leaders' meetings in Los Cabos.

Responding to the request last year by APEC Leaders for the ECOTECH Action Plan to be developed further in the light of the experience and lessons learned in its pilot phase, the ESC has developed criteria for the assessment of the EAP. A preliminary assessment will be prepared intersessionally for consideration at SOM I in 2003. The effort of the HRDWG, particularly the Lead Shepherd, Dr Lee Jeong Taik, in providing feedback on the EAPs is very much appreciated.

Additionally, the ESC coordinated inputs from the Working Groups for the 2002 update of the Osaka Action Agenda (OAA) in response to the call by Leaders for its broadening to reflect fundamental changes in the global economy since the OAA was developed in 1995. I am grateful to the Lead Shepherds of the Working Groups for their cooperation and understanding in meeting the various reporting requirements on ECOTECH issues each year.

APEC Ministers, at their meeting in Shanghai in 2001, recognised the need for APEC to interact with bilateral, regional and international organisations and financial institutions in order to foster cooperation, broaden support and leverage financial resources to boost ECOTECH activities. As part of the effort to engage with external funding bodies, the ESC met with a high level team from UNIDO in May 2002 to obtain a better appreciation of UNIDO's activities and to explore cooperative opportunities. Further meetings with

UNIDO are planned in early 2003 with the aim of developing a concrete proposal for the funding of some joint projects. Through such interactions, the ESC will seek to add value to the APEC process.

I would like to thank all ESC members for their support and for working as a team to enable the ESC to respond effectively to the taskings by Ministers and Leaders. I am particularly grateful to New Zealand for preparing the discussion paper that helped the ESC in its consideration of its mandate and role. In addition, I would like to thank the SOM Chair, Mr Gerardo Traslosheros, for his understanding and support in advancing ECOTECH issues this year.

In closing I would like to commend the excellent job performed by Mohan Mathews during his three years as the Program Director in charge of the ESC. His support and reflection on issues helped add value to the discussions and work of the ESC. I wish to convey this message on his performance to the Australian government. His contribution and performance should also be held as a pattern for a Program Director in the APEC Secretariat.



Amb Elard Escala
ESC Chair

EXECUTIVE SUMMARY

1. In welcoming the first Senior Officials' Meeting (SOM) report on Economic and Technical Cooperation (ECOTECH) activities in 1998, Ministers called for the report to be submitted annually. The ECOTECH Sub-committee of the SOM (ESC) has used this opportunity to consolidate information on ECOTECH activities carried out by APEC fora and to report on the implementation of key ECOTECH initiatives.
2. This year the ESC focuses on its mandate and role and, in that context, raises a number of fundamental issues, notably on the scope of its mandate. The ESC notes that some new cross-cutting issues, such as New Economy and gender integration, have become part of APEC's ECOTECH agenda and agreed that they could be accommodated under the existing six priority themes of the 1996 Manila *Framework for Strengthening Economic Cooperation and Development*.
3. In response to the call by Leaders in Brunei in 2000, the ESC completed the preparation of a *Human Capacity Building Strategy on the New Economy* as a means to assist members in transforming the 'digital divide' into 'digital opportunities' that can be widely shared in the APEC region. The Strategy was approved by the SOM in February 2002.
4. The ESC has also taken action to strengthen the evaluation function in the APEC Secretariat as well as to benefit from external assessments of APEC's ECOTECH work.
5. Responding to the direction from Leaders in the Shanghai Accord to further develop the ECOTECH Action Plan (EAP) in the light of the experience and lessons learned in the pilot phase, a small group of economies has been constituted to formulate an approach for assessing the experience.
6. In order to seek a more focused and results-oriented ECOTECH program, APEC should distil a short list of strategic ECOTECH objectives, along with appropriate strategies and wherever possible specific targets, drawing from the overall categories of ECOTECH activity set by Leaders and Ministers. The ESC is also mindful that APEC fora are under increasing pressure to report on a host of issues for a variety of purposes. It proposes a review of the annual reporting requirements on ECOTECH issues with a view to recommending measures to reduce the compliance burden on fora and providing feedback on how reports are used.
7. The 2002 report is in eight chapters with twelve annexes. It includes an assessment of the number and types of ECOTECH projects being conducted by APEC fora and a summary of the ECOTECH activities of individual APEC fora. Progress in the implementation of key ECOTECH initiatives, including on human capacity building, small and medium-sized enterprises (SMEs), sustainable development and strengthening markets, is presented in Chapter 3. How well the guidance provided by the ESC in 1998 and in 1999 is being observed by APEC fora in the implementation of ECOTECH projects is discussed in Chapter 4. The *Human Capacity Building Strategy on the New Economy* is introduced at Chapter 5. The ESC's mandate and role is discussed in Chapter 6, followed by a review in Chapter 7 of the ECOTECH Action Plans submitted by member economies. The final chapter provides a summary of the recommendations contained in the ECOTECH report.

8. The key findings of the 2002 ECOTECH report are:

- A total of 128 projects contributed to the six broad ECOTECH themes. Of those 44% were funded from the TILF Special Account (funded by Japan), 37% from the Operational Account (funded collectively by APEC members) and 19% were fully self-funded projects (by individual APEC economies).
- Although TILF-funded projects are designed principally to meet trade liberalisation and facilitation objectives they also fulfil ECOTECH objectives, notably in providing training, building capacity and sharing information.
- Almost 60% of ECOTECH projects are aimed at the 'developing human capital' theme and most fora have at least one project under this category.
- In addition, through efforts such as the virtual network of skills development centres (NetSDC), the Human Capacity Building Promotion Program, the APEC Education Foundation and the APEC Cyber Education Cooperation, APEC is assisting members to bridge the digital divide and share information in education and human resources development.
- Although the number of projects by the Committee on Trade and Investment (CTI) and its sub-fora increased this year, there has been a sharp drop in the number of projects submitted by Working Groups, particularly on the ECOTECH themes relating to technologies for the future, sustainable development and SMEs.
- Of the 128 projects initiated in 2002, around 20% involve information gathering (e.g., surveys, studies); 51% information sharing (e.g., seminars, best practices and websites); and 28% training. This continues a trend over the past three years where the proportion of projects devoted to information gathering has shrunk, while that for training has increased.
- While project proponents were able to identify the relevance of their projects to the business/private sector and, in many cases, secure participation, they appeared to have had little success in attracting business/private sector funding.
- There has been a marked improvement in the ability of project proponents, and by extension Working Groups, to link a project to a specific activity identified in Part II of the *Osaka Action Agenda* thus clearly demonstrating how the OAA is being implemented.



2002 SOM REPORT BRIDGING THE DIGITAL DIVIDE IN APEC THROUGH COOPERATION
TO THE FOURTEENTH MINISTERIAL MEETING



Helping youth with physical disabilities to enhance their IT knowledge and skills.



Preparing APEC trainees for industry standard certification, such as the Cisco Certified Network Associate (CCNA), through the APEC Human Capacity Building promotion program. APEC trainees are part of the largest e-learning lab in the world!

2002 SOM REPORT ON ECONOMIC AND TECHNICAL COOPERATION TO THE FOURTEENTH MINISTERIAL MEETING

1 INTRODUCTION

1. Economic and Technical Cooperation or ECOTECH is the pursuit of APEC's common objectives and goals through cooperative activities aimed at attaining sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being.

2. While the origin of APEC is so well known as to obviate any need to repeat it here, the same cannot be said about the origin of its ECOTECH programs. Although it is true that sectoral working groups with cooperative programs were established soon after the formation of APEC, their main emphasis was on sectoral trade and investment liberalisation and facilitation (TILF) issues and not on ECOTECH as such. It was not until 1994 when Indonesia, as host of APEC, sought to have TILF activities supported by 'development cooperation' that this element of APEC's activities was given prominence. The term 'development cooperation' was later changed to 'economic and technical cooperation' to make sure that APEC would not turn into another forum for development aid. ECOTECH, therefore, is aimed at building capacity and skills, particularly in developing member economies, to enable them to take part in the liberalisation process.

3. The clearest sign of the 'birth' of ECOTECH was when Leaders launched the *Osaka Action Agenda* (OAA) at their meeting in Japan, in 1995. In the OAA, ECOTECH activities that directly support trade and investment liberalisation and facilitation are mainly dealt with in Part I and are coordinated by the Committee on Trade and Investment (CTI). Part II of the OAA deals with the common policy concepts for the sectoral working groups and the joint activities and policy dialogues that each of them should undertake and, since 1998, has been overseen by the ESC.

4. In 1996, the goals and organising themes for ECOTECH activities were further defined with the adoption of the *Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development (Manila Declaration)*.

5. APEC's ECOTECH goals, under the 1996 *Manila Declaration*, are to:

- Attain sustainable growth and equitable development in the Asia-Pacific region;
- Reduce economic disparities among APEC economies;
- Improve the economic and social well-being of the people; and
- Deepen the spirit of community in the Asia-Pacific.

6. The guiding principles for ECOTECH are:

- **mutual respect and equality**, including respect for diversity and the different situations of members, focusing on member economies' strengths;
- **mutual benefit and assistance**, with a firm commitment to making genuine contributions toward the goals of sustainable growth and equitable development and

reducing disparities in the region, based on the APEC member economies' diverse and complementary capabilities;

- **constructive and genuine partnership**, creating opportunities for mutually beneficial exchange between and among industrialised and developing economies, thus promoting the development and dynamism of the economies in the region. This will include a working partnership with the private/business sector, other pertinent institutions, and the community in general, to ensure that cooperation is consistent with market principles. This partnership will engender cooperative undertakings toward the efficient allocation of resources and reduction of economic disparities within an increasingly integrated Asia-Pacific community; and
- **consensus building**, in line with the consultative, consensual approach nurtured through the development of APEC, while respecting the autonomy of each economy through their voluntary participation.

7. In endorsing the *Manila Declaration*, APEC Leaders recognised that their “vision of community can be strengthened only if our efforts benefit all citizens”. They considered ECOTECH to be an essential complement to the TILF agenda to help “APEC members to participate more fully in, and benefit from, an open global trading environment, thus ensuring that liberalised trade contributes to sustainable growth and equitable development and to a reduction in economic disparities”. Leaders instructed that the principles laid out in the *Manila Declaration* be applied to the activities of relevant APEC fora, “giving face to development”. They assigned high priority to the following six themes: developing human capital; fostering safe, efficient capital markets; strengthening economic infrastructure; harnessing technologies for the future; promoting environmentally sustainable growth; and encouraging the growth of small and medium-sized enterprises.

8. Together, the 1995 OAA (updated in 2001 and 2002) and the 1996 *Manila Declaration* are the documents that define how APEC’s ECOTECH agenda is set. Essentially, ECOTECH activities complement and support APEC’s broader trade and investment liberalisation and facilitation objectives, including by recognising that liberalisation will not be effective unless developing economies have the systems and information available to meet those obligations. They should be ‘goal-oriented with explicit objectives, milestones, and performance criteria’. In pursuing economic and technical cooperation, Ministers encouraged member economies to ‘develop an environment favourable 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’.

9. Unlike some international organisations, APEC does not have a large central fund that could support general economic development purposes. Therefore, APEC’s ECOTECH agenda focuses on information sharing, capacity building/training and cooperation generally to upgrade the ability of member economies to meet the Bogor goal of free and open trade and investment and the sectoral objectives. In practice, ECOTECH has focused on policy dialogues, sharing best practices and experience, sharing information to promote transparency and knowledge, harmonisation of standards or mutual recognition, and training in support of Bogor goals and implementation of international commitments. Participation in these joint activities is on a voluntary basis. Activities can be wholly or partly financed from APEC central funds, self-financed by member economies or carried out with contributions from outside sources.

10. As the number of projects conducted by APEC fora increased over the years, it became apparent that there was a need for the ECOTECH agenda to be managed more strategically. Following Ministerial endorsement in Vancouver, Canada, in 1997, the ESC was established in April 1998 to assist Senior Officials coordinate and manage APEC's ECOTECH agenda, as well as to identify value-added initiatives for cooperative action. The terms of reference of the ESC are given in **Annex 1**.

11. One of the first tasks before the ESC was the organisation of project information according to the six ECOTECH themes. It allowed Ministers, for the first time, to have a clearer picture of the number of projects that was being carried out by each APEC forum under each of the six ECOTECH themes and where the gaps were. The ESC also drew up the *Guidance on Strengthening Management of APEC ECOTECH Activities* (**Annex 9**), which was endorsed by the SOM in 1998 in Kuching, Malaysia. The guidelines encouraged fora to develop outcome-oriented projects in response to the six ECOTECH themes and to foster greater business/private sector involvement in projects, and encouraged the APEC Secretariat to improve information flow through the development of a Projects Database.

12. In response to the recommendation for a more dynamic retrieval of project information, the APEC Secretariat established the Projects Database in 1999 and upgraded it further in 2002. With better information on projects, the ESC was able to categorise ECOTECH activities by type to determine how much effort was being devoted to information sharing through seminars/workshops, websites/databases and how much to delivering practical outcomes such as training programs. The classification and retrieval of information on ECOTECH activities was further enhanced with the establishment of the ECOTECH Clearing House in 2001.

13. The concept of the APEC ECOTECH Clearing House was developed in response to Leaders' and Ministers' priorities of strengthening the coordination of the ECOTECH agenda, and improving the effectiveness of economic and technical cooperation activities. The ECOTECH Clearing House is a website that indexes all relevant information on APEC ECOTECH activities. It provides fast and direct access to a unique collection of information, which demonstrates the investment in, and benefits of, APEC's ECOTECH activities. The ECOTECH Clearing House also provides facilities for the exchange of information between potential partners in ECOTECH activity.

14. With these management tools in place, the ESC, with Ambassador Elard Escala of Peru as Chair, met on three occasions in 2002 in Mexico to review its mandate and role and assess the implementation of ECOTECH initiatives across APEC fora. The first meeting was held in Mexico City from 25–26 February 2002, following which SOM endorsed the ESC's 2002 work program (**Annex 2**); the second meeting took place in Mérida from 21-22 May 2002; and the third in Acapulco from 16–17 August 2002.

15. This year's ECOTECH report analyses the projects that have been carried out by APEC fora, reviews the ESC's mandate and role and reports on the implementation of the various ECOTECH initiatives, recommendations and guidelines.

2 ECOTECH PROJECTS IMPLEMENTED IN 2002

16. Since its formation in 1998, the ESC has been reporting annually on the implementation of the *Manila Declaration* and the various ECOTECH initiatives.

17. The ESC, with assistance from the APEC Secretariat, assessed all ECOTECH projects that were designated as 2002 projects. Most of them were approved for funding in the main meeting of the Budget and Management Committee (BMC) in July 2001, but commenced in 2002, while the balance were approved as 'urgent' projects at the March 2002 meeting of the BMC or intersessionally during the year. Project information was sourced from the APEC Secretariat's Project Database. The ESC evaluated the activities with the following criteria broadly in mind:

- ECOTECH priorities and goals of the *Manila Declaration*;
- Relevance to specific ECOTECH initiatives;
- Whether the outcomes met the intended objectives;
- Relevance to the business/private sector, including participation and/or funding;
- Compliance with the *Guidance on Strengthening Management of APEC ECOTECH Activities*;
- Compliance with the *ECOTECH Weightings Matrix*; and
- Shortcomings (including duplication/gaps).

18. Information on individual ECOTECH projects and activities undertaken by APEC fora in 2002 can be accessed from the APEC Secretariat's Project Database at <http://www.apecsec.org.sg/> or the ECOTECH Clearing House at <http://www.apec-ecotech.org/>. A table summarising the number of projects that are in progress or were completed in 2002 under each ECOTECH priority theme is at **Annex 3** and a table summarising the type of ECOTECH activities is at **Annex 4**. The qualitative assessment of how APEC projects meet Ecotech goals and objectives, as well as the guidance provided by the ESC is presented in chapter 4 of this report.

2.1 Key Findings

19. In 2002, a total of 128 projects were found to be contributing to the six broad ECOTECH themes. Of those 44% were funded from the TILF Special Account (funded by Japan), 37% from the Operational Account (funded collectively by APEC members) and 19% were fully self-funded projects (by individual APEC economies). Notwithstanding APEC funding, in many cases project costs are substantially supplemented by contributions (monetary and in-kind) from participating member economies. That act, in itself, is a demonstration of the cooperative spirit that prevails and the will of members to fulfil the ECOTECH goals of deepening the spirit of community in the Asia-Pacific region and improving the economic and social well being of the people.

20. Of note in the analysis is that although TILF-funded projects are designed principally to meet trade liberalisation and facilitation objectives they also fulfil ECOTECH objectives. By contributing to training, capacity building and information sharing, albeit on TILF issues, fora such as the CTI make an important contribution to APEC's overall ECOTECH effort.

21. The ECOTECH projects of 2002 are spread unevenly across the six ECOTECH themes, with greatest emphasis on the 'developing human capital' theme (almost 60%). Most fora have at least one project under this category. Not surprisingly, with APEC's focus on capacity building in WTO-related issues following the launch of the Doha Development Agenda in 2001, the CTI leads the way with 30 projects under this theme.

22. Although the number of projects by the CTI and its sub-fora increased this year, there has been a sharp drop in the number of projects submitted by Working Groups, particularly on the last three ECOTECH themes (compared to 27, 34 and 17 projects respectively last year). The ESC will assess whether there are any reasons for the decline in the number of projects submitted by Working Groups, particularly under themes that are aligned to their sectoral objectives.

23. The number of projects categorised by ECOTECH themes are as follows:

Developing human capital	75
Developing stable, safe and efficient capital markets	11
Strengthening economic infrastructure	11
Harnessing technologies for the future	15
Promoting environmentally sustainable development	8
Encouraging the growth of SMEs	8
Total	128

24. The ESC has continued the practice of classifying APEC projects according to broad categories that best describe the type of activities being undertaken (**Annex 4**). The analysis this year shows that around 23% of the projects involve information gathering (e.g., surveys, studies); 48% information sharing (e.g., seminars, best practices and websites); and 28% training. This continues a trend over the past three years where the proportion of projects devoted to information gathering has shrunk, while that for training has increased. The proportional increase in training activities can be attributed to the greater emphasis on capacity building by APEC.

25. The number of projects categorised by type of activity is as follows:

Survey/Study/Report	29
Workshop/Seminar	44
Training	36
Standards/Best Practice	5
Database/Website/Network	13
APEC Centre/Exposition	1
Total	128

2.2 Activities of APEC Fora

Agriculture Technical Cooperation Working Group (ATCWG)

26. The ATCWG has steadily been implementing various activities in the area of agricultural biotechnology (*Joint Activity (b) of OAA Part II*). As one of its activities, the

ATCWG held the fifth workshop of the ATCWG Sub-Group on Research, Development and Extension of Agricultural Biotechnology (RDEAB) from 3-12 September 2001, in Bangkok, Thailand. The objectives of the workshop were to:

- Build capacity in the APEC economies for agricultural biotechnology;
- Discuss risk assessment and management, leading to transparent and science-based approaches for the introduction and use of biotechnology products; and
- Further linkages and mechanisms to enhance technical cooperation and information exchange.

27. The Workshop was divided into the following sessions:

- Food and feed safety;
- Emerging areas of agricultural biotechnology;
- Communication and consensus building;
- Regulation and harmonisation;
- Detection methods and validation;
- Environmental biosafety; and
- Implementation plan on biotechnology.

28. Following the RDEAB Workshop, a further capacity building workshop on environmental safety assessment and food safety assessment, funded by Canada, was held from 10–12 September 2001.

29. As a result of the workshops, the updated Implementation Plan on Biotechnology was developed and subsequently endorsed by the ATCWG in November 2001. The updated plan covers ATCWG's medium-term activities in the areas of science-based assessment of biotechnology, technical cooperation, transparency and information exchange, and capacity building.

30. The ATCWG will hold a Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology, from 26 August to 4 September 2002, in Taipei, Chinese Taipei. Reporting of progress on activities indicated in the updated Implementation Plan is one of the agenda of this workshop.

31. The ATCWG has also been implementing activities in the area of postharvest (*Joint Activity (c) of OAA Part II*). First, the ATCWG has been implementing the project, "APEC Institutional Linkage for Human Resource Development in Postharvest Technology" from 2000 to 2002. The objectives of this project are to:

- Enhance academic quality in postharvest technology for warm climates;
- Develop and institute curricular and training programs;
- Improve the productivity and competitiveness of the postharvest industry; and
- Develop networks of national and international institutions and specialists.

32. Under this project, curricula for graduate diploma, MSc and PhD in postharvest technology were finalised and a training manual for postharvest handling systems was developed and expanded.

33. Second, the ATCWG held a workshop on the Food Processing from 14-15 March 2002, in Tokyo, Japan. The objectives of this workshop were to:

- Exchange information on food processing from two aspects: socio-economic and technological;
- Obtain mutual understanding among APEC economies on the situations concerning food processing in other economies;
- Find out common issues related to food processing in the APEC region; and
- Provide background information to find out further activities concerning food processing in the priority area.

34. At the workshop, the issues of relationship between the food processing industry and integrated rural development, extension of appropriate technologies, supply and demand of goods made by food processing companies, compliance with food standards, and the environmental impacts of the food industry were discussed.

35. Holding a series of training courses on agricultural finance is another area of activity the ATCWG has been implementing (*Joint Activity (e) of OAA Part II*). The ATCWG held the Second Training Course on Agricultural Finance from 3-18 September 2001, in Tokyo and Tsukuba, Japan. The training course comprised lectures, presentations made by trainees and field trips. Ten trainees from nine APEC economies participated in this training course, through which participants gained an understanding of the:

- Agricultural policy of Japan;
- Agricultural finance in Japan and its roles; and
- Agricultural cooperative systems and their savings and loan systems.

36. In addition, the ATCWG will conduct the following activities in 2002:

- Third Training Course on Agricultural Finance, from 27 August to 19 September 2002, in Tokyo and other cities in Japan.
- Fourth Workshop on Conservation and Utilisation of Plant and Animal Genetic Resources, from 28 October to 3 November 2002, in Keelung, Chinese Taipei (*Joint Activity a*).
- APEC Symposium on Detection, Monitoring and Management of Invasive Plant Pests, from 30 September to 3 October, in Taipei, Chinese Taipei (*Joint Activity d*).
- Workshop on Sustainable Agricultural Development and Technical Training, from 16 to 24 September, in Beijing, China (*Joint Activity g*).

Energy Working Group (EWG)

37. The work of the APEC Energy Working Group (EWG) covers a broad range of activities that deliver results through economic and technical cooperation (ECOTECH). Many EWG projects and activities contribute to the betterment of the daily lives of APEC member communities.

38. Energy is an essential input to ongoing and sustainable economic development. The EWG's activities are aimed at facilitating energy market reform and private sector investment in energy infrastructure that will directly benefit APEC communities through enhanced ability to provide electricity and gas to communities. Provision of energy improves living conditions and provides the potential for further development of economic, social and community infrastructure.

39. The following activities of the EWG relate specifically to the six ECOTECH themes.

Develop human capital

40. The EWG has undertaken several capacity building workshops and seminars aimed at transfer of technical and professional skills. The ongoing process of Implementation Facilitation Assistance Teams is aimed at the development and transfer of skills, knowledge and expertise in all areas of energy markets including electricity and gas market reform and energy security. Experts from business throughout APEC are invited to attend to contribute to discussion in the specific area of expertise nominated by the inviting economy.

41. The EWG Expert Group on Energy, Efficiency and Conservation delivered a one-week workshop/course aimed at developing capacity in APEC economies to overcome the critical missing link in the development of energy efficiency indicators, which is the availability of quality energy end-use data, and a lack of knowledge of suitable analysis, methodologies and communication of energy efficiency indicators for monitoring and policy development purposes. The workshop provided participants with the opportunity to be trained in data collection issues, methodologies to construct, analyse and use energy efficiency indicators; assessment of energy efficiency potentials; and communication of results to a wide range of audiences.

Develop stable, safe and efficient capital markets

42. The EWG is currently undertaking activities examining opportunities for strengthening ongoing microeconomic reform processes in member economy energy markets and barriers to the introduction of microeconomic reforms. These will result in general recommendations on how member economies can improve the efficiency with which their energy markets operate, including reform of energy markets. Activities associated with the implementation of Best Practice Principles for Independent Power Producers and the Natural Gas Initiative are aimed at improving investor confidence and reducing risks associated with financing of energy infrastructure development projects.

43. In their message to APEC Economic Leaders, at the fourth meeting of APEC Energy Ministers (San Diego, California, 12 May 2000), Energy Ministers highlighted the important role energy plays in facilitating the region's economic recovery, and in building the region's economic and social future. Further, APEC Leaders in their Declaration on 16 November 2000 noted the threat to ongoing economic growth in the APEC region

posed by volatility in high oil prices. Consequently, driven by the need for APEC to respond to such volatility and more fundamental energy security concerns, the EWG is delivering an *Energy Security Initiative*. The terrorist events in the USA of September 11 have compounded global uncertainty and accelerated the issue of energy security and reliability of supply into the forefront of international energy policy discussions. Therefore, the relevance of the *Energy Security Initiative* has been reinforced. The *Initiative* comprises measures to respond to temporary supply disruptions and longer-term policy responses as part of a strategic approach to energy security in the APEC region. This *Initiative* will form part of a broader response to APEC Leaders from the EWG aimed at mitigating the future impacts of oil supply disruptions.

Strengthen economic infrastructure

44. The growth in regional energy demand, particularly in the electricity generation sector, is the major driving factor behind all other regional energy issues. APEC Economic Leaders have identified energy as a potential bottleneck to regional economic growth. Directly associated with this rapid growth in demand for electricity, is the demand for capital to underwrite investment in infrastructure, which is in turn required to meet electricity demand. It is estimated that approximately US\$1.6 trillion worth of investment capital for power infrastructure (for total system costs, not just electricity generation) is required to meet electricity demand in the APEC region to 2010.

45. It is critical to encourage investment in infrastructure development given the projected growth in energy demand in the APEC region. An initiative aimed at facilitating investment in power infrastructure has been an important component of the EWG's work program, and the role of the Energy Business Network (EBN) in that process is central to its success.

46. The EWG and EBN have developed an Implementation Facilitation Assistance Teams process. These teams consist of energy experts from the public and/or private sectors of member economies who provide advice to members on options and approaches to reform within their energy sectors, including power and natural gas sectors. In recognition of the close linkages between trade and investment issues and technology issues, and the broad nature of the APEC energy program, host economies are encouraged to consider trade and investment requirements as well as technology requirements in offering invitations to visit teams.

47. The visit team activities are aimed at providing practical support to economies wishing to take concrete steps toward meeting their infrastructure development challenges, while ensuring that these challenges are met in the most efficient and environmentally friendly way.

Harness technologies for the future

48. The EWG seeks to maximise technology assimilation by making members more able to assess, operate and maintain new and renewable energy technologies. It does so through its Expert Group on New and Renewable Energy Technology, and a number of specific initiatives.

49. The Expert Group on New and Renewable Energy Technologies is delivering the *21st Century Renewable Energy Development Initiative* and a number of activities are underway as part of this Initiative. The Initiative aims to advance the use of renewable energy for sustainable economic development and growth of the APEC region.

50. Another EWG initiative, the *Environmentally Sound Energy Infrastructure Initiative* is examining effective policy practices that encourage clean technology transfers. It is examining barriers that may exist, such as lack of information on technologies available, or certain types of policies (not necessarily related to the environment) that may be seen to impede technology transfer and dissemination. Clean energy technologies will include those associated with cleaner burning of fossil fuels, as well as those associated with new and renewable energy sources.

Safeguard the quality of life through environmentally sound growth

51. The forecast growth in energy demand for the APEC region will place an increasing strain on the environment, unless environmentally sound measures to minimise the adverse impacts of energy production and use are implemented. The EWG has developed its work program to mitigate the environmental impacts of energy production, delivery, and use.

52. Initiatives currently underway include promoting the advantages of clean fossil energy technologies and encouraging the adoption of policies and programs promoting energy conservation and the application of energy efficient technologies.

53. The *Environmentally Sound Energy Infrastructure Initiative* seeks to capture the best policies and practices from within APEC that encourage environmentally sound development of energy infrastructure. Other EWG work aims to encourage investment in environmentally sound natural gas supplies, infrastructure and trading systems. This helps members to increase the use of cleaner energy and helps to reduce emissions.

54. These initiatives and the delivery of a project looking at barriers to the introduction of distributed (small and usually much cleaner) electricity generation resources ensure a substantial contribution by the EWG to improvement in the environmental outcomes of energy use.

Develop and strengthen the dynamism of small and medium enterprises

55. The APEC EWG Business Network (EBN) was established in March 1998 to provide a business perspective on energy-related issues that can be considered through the APEC process. Leaders have recognised that member economy governments alone cannot fund the expansion required in energy infrastructure development to meet growing demand. Energy Ministers recognise that the advice of the business network is central in moulding a framework for ongoing development that is conducive to private sector investment, as the level of investment capital required cannot be provided by member economy governments and multilateral financing institutions alone. Greater business sector participation in power projects is essential.

56. At the project level the EWG is encouraging private-sector participation. As an example, at the workshop on Green Buildings, private sector businesses presented case studies of their recent work as a demonstration of current practices and methodologies. These presentations were complemented by presentations from leading technical experts on the design, construction, maintenance and refurbishment of commercial buildings using state of the art energy efficiency technologies being developed throughout APEC.

57. In addition, many of the technical level activities undertaken by the EWG's Expert Groups encourage the participation of small to medium enterprises.

Fisheries Working Group (FWG)

58. The FWG's activities are concentrated in three main areas: fisheries management, trade liberalisation and aquaculture. These activities meet ECOTECH objectives laid out in Part II of the *Osaka Action Agenda*.

59. In recent years, capacity building has been a major feature of the FWG's work program. In addition to those, related programs have continuously been implemented from 2001, such as the projects for Conservation and Management of Sharks, and Management of Marine Algal Toxins in Seafood Products in the APEC Region. The major activities in 2002 include: a training program on 'Capacity and Awareness Building on Import Risk (IRA) for Aquatic Animals' and a survey and research program on 'Developing Industry Standards for the Live Reef Food Fish Trade'. In the implementation of these projects, APEC ECOTECH goals, such as attaining sustainable growth and equitable development in the region, have been pursued.

60. The FWG seeks to promote the growth of SMEs in the fishery industry. One continuous program that the FWG is working on is to establish an 'APEC Seafood Information System' as an integrated, commercial marketing information service for fishing, aquaculture and fish processing industries in APEC. In promoting trade in fisheries, the sustainable use of marine living resources and sustainable development of aquaculture are also objectives of the FWG. As a result members are able to facilitate trade in fisheries in a responsible manner. For example, sharks are taken both for commercial purposes and as a by-catch, and proper management under appropriate conservation measures is necessary for their sustainable utilisation. In view also of their importance at the top of the food chain, the shark project is to exchange information among member economies for the development of appropriate shark conservation and management measures, and to encourage member economies to fully implement in the region the *United Nations Food and Agriculture Organisation's International Plan of Action for the Conservation and Management of Sharks*.

61. In April 2002, the first APEC Ocean-related Ministerial Meeting with the theme of 'Toward the Sustainability of Marine and Coastal Resources' was held in Seoul, Korea. A *Seoul Oceans Declaration* was endorsed. Responsible fishing practices and sustainable use of marine resources was the focus of this meeting. In the Declaration, different levels of cooperation, including domestic and regional, were encouraged. Strengthening cooperation for building capacity to achieve the goal of sustainability of marine and coastal resources was one of the main actions that members agreed to take. In order to implement the *Seoul Oceans Declaration* and related resolutions of the Ministerial Meeting, the FWG is developing a Strategic Framework to set the direction for future work.

Group on Economic Infrastructure (GEI)

62. In 1999, as part of the Management Reform process, the then Infrastructure Workshop was transferred from under the umbrella of the Economic Committee and re-constituted as the Group on Economic Infrastructure under the ECOTECH Subcommittee. Since then, although the GEI had an adequate tasking and mandate for a substantial program it found that:

- The number of economies participating in activities had progressively shrunk.
- The number of economies proposing activities to respond to the mandate and specific tasking such as under the APEC Food System (AFS) had also shrunk.
- Attendees from many economies had frequently advised that they were acting in a liaison capacity only and were having difficulty in engaging relevant agencies in setting out or implementing such a multidisciplinary agenda.
- There were questions within the group whether the GEI as constituted was in a position to add value to what was being conducted in related APEC fora.

63. The GEI's main focus in 2002, therefore, was on the future of the forum and associated activities. Based on a GEI Task Force report in May, the GEI recommended to the ESC and in turn to SOM, that:

- The GEI was not viable and should be disbanded; and
- GEI responsibilities for activities relating to RISE (Regional Integration for Sustainable Economies) should be assumed by the ESC.

64. SOM, at its meeting in May 2002, concurred and agreed to seek Ministers' endorsement of the decision to disband the GEI. The ESC agreed to consider how best other infrastructure-related activities could be handled and to facilitate exchanges with other fora on cross-cutting infrastructure issues.

Human Resources Development Working Group (HRDWG)

65. The HRDWG conducts its activities through three networks dealing with complementary aspects of HRD: Capacity Building Network (CBN), Education (EDNET), and Labour and Social Protection (LSPN).

66. In implementing Part II of the OAA, the HRDWG has continued to respond to its identified priorities. The Annual Workplan outlines the forum's (including its three networks) ongoing as well as some of its completed work in each of the eight priority areas identified in Part II of the OAA. Therefore the Annual Workplan serves as a tool for interested parties to track the progress of the HRDWG's implementation of OAA Part II. The HRDWG's Annual Workplan is available at www.apecsec.org.sg/hrd under 'Documents/Publication' and is updated annually at each meeting

67. HRDWG usually has at least six or more APEC-funded projects a year and as many self-funded activities as well, in addition to ongoing projects. These are all developed to respond to its Statement of Medium Term Strategic Priorities and as outlined in Part II of the OAA:

- (a) Providing quality basic education, with a focus on increasing access by all groups to basic education and increasing levels of educational attainment for the population as a whole;
- (b) Improving labor market information and analysis to support flexible and efficient labor markets which contribute to economic growth and trade and investment in the region;

- (c) Enhancing the skills of managers, entrepreneurs, and educators/trainers in key sectors; supporting the training needs of small-and-medium-sized-enterprises (SMEs) and the management of sustainable growth and development;
- (d) Promoting and developing lifelong learning as a means both to meet rapidly changing skill needs in the economy as well as individual needs for adjustment and upgrading of education, vocational training, professional and technical skills, and management development;
- (e) Increasing quality of curricula, teaching methods, and instructional materials in education, training, and skills development at all levels, with a particular focus on preparing for the transition to the 21st century (i.e. from basic education, through vocational and technical skills training, to professional and executive development for management of change);
- (f) Facilitating mobility of qualified persons to help meet skill shortages by developing means for mutual recognition of skills and qualifications, and to increase opportunities for people to gain the skills required for the economic growth and development of member economies and the region as a whole;
- (g) Enhancing the quality, productivity, efficiency, and equitable development of the labor forces and work places in member economies; and
- (h) Strengthening cooperation in education and training to support trade and investment liberalisation and facilitation.

68. Most of the HRDWG's activities respond directly to the ECOTECH theme of *Developing Human Capital*, notably in response to the last three priorities.

69. More innovative ways to facilitate mobility of professionals and students are being pursued as in the form of Australia's 'APEC Engineer' project which aims to ease recognition of professional qualifications in APEC economies, and its University Mobility in Asia and the Pacific program (www.umap.org) which implements a pilot credit transfer scheme.

70. Following from last year's activities in improving relations in the workplace between government, management and labour, this year the HRDWG followed up with training to prevent and resolve conflicts between labour and management. This is especially relevant in the face of changes in the workplace and the need for both labor and management to adapt to such changes with minimal displacement.

71. The HRDWG also continues to pursue its activities towards achieving TILF goals. For example, it has implemented an extensive training program for trade and investment insurance practitioners, which builds on an earlier 1998 program. The participation of the business sector as both trainers and trainees in this program has been remarkable, drawing on expertise from the developed as well as developing economies.

72. The HRDWG is undertaking projects related to international rules and standards to facilitate trade and investment, with particular emphasis on SME competitiveness. At the same time, innovation in entrepreneur development in the region has been enhanced through a project that addresses this area of common interest and concern of member economies. Another important aspect of trade facilitation is to prepare for potential commercial disputes. HRDWG has been building expertise in this area through its executive education activities.

73. The HRDWG's activities also respond to the other ECOTECH themes of:

Strengthening Economic Infrastructure

74. The Education Network continues to address issues in rural areas, which is also one of the priorities towards creating an efficient APEC Food System. Much of the work here involves improvement of curricula and teacher standards.

Harnessing Technologies for the Future.

75. This year as in previous years much of the HRDWG's focus has been to address HRD issues as identified in its priority areas which may have undergone changes in the face of rapid utilisation of information technology (IT) in the workplace, and the economy.

76. Education has continued as a priority both in its conventional form and in the context of how best to utilise IT in pursuing education goals. IT as an effective and far-reaching education tool is fully embraced by HRDWG as is evident in its activities which range from exchanging best practices in teaching competencies to incorporating IT tools in education.

77. The 'APEC Educators' Exchange Program' entered its second year of having APEC educators on attachment in Singapore to exchange information, expertise and experience in the APEC region, with a focus on the use of information technology in education. The Cyber Education Cooperation project started out as a roundtable to generate ideas on narrowing the digital divide and utilising IT to pursue education. The project was flanked by two other self-funded activities: the dispatch of Korean youth volunteers to provide Internet skills training to those in developing economies and the development of a network of institutions involved in cyber education. To date, the APEC Cyber Education Network (ACEN) (www.acen.or.kr) enables information sharing, expertise exchange and educational cooperation among teachers and students. An ACEN Webzine, or online magazine for teachers, has been posted with articles and information submitted by the community of teachers themselves from the APEC region. ACEN also provides free online training in IT for teachers, which is currently available in English and Mandarin. Dispatching Korean youth volunteers to teach Internet skills proved to be very popular and it has been expanded to include international volunteers. With added funding from the APEC Education Foundation (www.apecef.org), the APEC Cyber Education Consortium (ACEC) (www.apecef.org/program/program4.asp) has been established. It involves educational, research and other institutions from several APEC economies such as Hong Kong, China; the USA; Singapore; Korea and New Zealand. The Consortium looks set to expand its membership in response to the interest it garnered with its activities. In addition to the ongoing activities through ACEN, the Consortium is also pursuing establishment of the Knowledge Bank, a repository of resources for secondary educators in IT, and development of an e-Education Leadership program.

Developing and Strengthening the Dynamism of Small and Medium Enterprises.

78. The HRDWG has always placed emphasis on providing human capacity building for entrepreneurs and small businesses, as SMEs often require training and know-how.

79. Self-funded projects like Japan's 'APEC Vocational Training Project in Cooperation with Enterprises', enable people in developing economies to be selected to receive onsite training. An APEC-funded research project is also looking to enhance SMEs' understanding in implementing standards and accreditation, which will in turn help

them to be more competitive in the globalised economy. This complements the APEC Speakers' Bureau on Standards-Based Management in which the HRDWG collaborates with CTI and the Sub-Committee on Standards and Conformance (SCSC) in addressing the need to enhance SMEs' competitiveness and capacity on standards-based management.

Industrial Science and Technology Working Group (ISTWG)

80. The ISTWG has primary responsibility for developing and implementing specific initiatives and activities in support of APEC Ministers' and Leaders' initiatives and directives of Senior Officials, notably those relating to the *Agenda for Science and Technology Industry Cooperation*.

81. The ISTWG made progress on several initiatives to strengthen the effectiveness of IST policy and project-related activities, and to enhance ISTWG's strategic role in regional science and technology cooperation. These include:

- Developing the first ISTWG Medium-term Work Plan (MTWP) focussing on:
 - Establishing an APEC Science and Technology (S&T) Policy Forum;
 - Human capacity building for S&T for the New Economy;
 - Science, technology, and innovation to meet the environmental challenge;
 - Connecting research and innovation;
 - Expanding APEC cooperation in key technologies for the 21st Century; and
 - Prevention and control of infectious diseases.

The outcome of the MTWP is the increased focus of ISTWG activities and projects on key priorities.

- In October 2001, the first APEC S&T Policy Forum was held with the 21st ISTWG Meeting in Penang, Malaysia. This forum brought together high-level participants from the business/private sectors and research communities as well as senior S&T officials to address the theme of 'Science, Technology, and Innovation in the New Economy: Building Capacity Across APEC'. The four key issues for discussion were:
 - Developing S&T networks in the APEC region;
 - Strategic Technology Roadmapping - strengthening technology cooperation within APEC;
 - Human capacity building for S&T for the New Economy; and
 - Connecting research and innovation.

The forum gave participants from the 21 APEC member economies the opportunity to discuss, share experiences, and make recommendations to APEC on advancing cooperation in these four key areas. More generally, it raised the profile of S&T policy issues across APEC.

- Continuing to develop and refine ASTWeb (the ISTWG website) as an important tool in managing ISTWG activities. An annual evaluation of ASTWeb revealed that the members found the site useful for ISTWG project management as well as in facilitating preparations for ISTWG meetings and other ISTWG related events. Since

the information in this website is accessible to the public, it serves the purpose of disseminating information on the four mentioned areas. The ASTWeb will be continuously used as a communication tool to facilitate the operation of the ISTWG, and the participation of all APEC official observers and members of the research community and business/private sectors in S&T discussions.

- Continuing to broaden participation in ISTWG activities by encouraging the participation of experts from non-member economies in individual events or activities, such as participation in the APEC S&T Policy Forum in the future.

82. Strengthening human capacity building is an important priority for the ISTWG and is recognised as a key issue for the future in both the ISTWG MTWP and the S&T Policy Forum. In support of this objective, in 2002 the ISTWG conducted programs that built capacity and improved information transfer. These activities included:

- A 'Conference on APEC Biotechnology', which offered an opportunity for public and private sector representatives to share information and experience, and learn about developments in the field of biotechnology;
- A symposium on 'Venture Capital's Role in Science Parks and Business Incubators', which enhanced exchanges and cooperation among participants, strengthened management skills, and enhanced investment;
- A seminar for discussion of 'Round Robin Tests (RRTs) Procedures and the Networking of Institutions Relating to Materials Evaluation Technology', which will facilitate technology transfer and exchanges among members;
- A project on 'Emerging Infectious Diseases (EID): Molecular Epidemiology of Dengue Viruses', which improves laboratory techniques for the surveillance of dengue haemorrhagic fever (DHF) and assists in the development of contingency plans in member economies for the prevention of dengue epidemics. Public health institutions in particular will benefit from these measures to detect, monitor and control dengue viruses and DHF; and
- A project on 'Informatics and Surveillance Training for Emerging Infectious Diseases', which provided training in the use of information technology and the Internet in sounding alerts and providing surveillance information locally, nationally, and internationally. It also provided health professionals with technical content, direction and Internet-based resources to learn about emerging infections in the Asia Pacific region.

83. Due to the diverse issues covered by the ISTWG, four sub-groups have been created to focus on each of the specialised fields and make the involvement and participation of member economies more focused:

- Group A is responsible for key technologies and human resource capacity building;
- Group B for coordinating research, innovation and dialogue on industrial S&T policies;
- Group C for infectious diseases and other health issues; and
- Group D for cleaner production and other environment issues.

84. In 2001 the ISTWG submitted to Leaders a strategy entitled 'Infectious Diseases in the Asia Pacific Region: A Reason and Acting with Reason', which dealt with

HIV/AIDS and other infectious diseases. This year the ISTWG has developed an 'Infectious Disease Initiative', which recommends further action in this field.

The Marine Resources Conservation Working Group (MRCWG)

85. Sustainable exploitation of marine resources is an important objective in the APEC region's economic development. Degradation of the marine environment due to over-exploitation can incur significant socio-economic costs, including in the tourism sector. Sustainability of the marine environment, therefore, is vital to ensure continuous socio-economic benefits and the regional environment conservation. The MRCWG is responsible for coordinating the implementation of the *APEC Action Plan on Sustainability of the Marine Environment*, which was approved by APEC Environment Ministers in June 1997. Its work covers a wide range of ECOTECH agendas.

86. The MRCWG has undertaken several capacity building programs aimed at transferring management skills and information on marine resources. Major activities in 2002 include: survey and seminar on the 'Integrated Ocean Management'; workshop on the 'Modern Approaches to Linking Exposure to Toxic Compounds and Biological Effects'; research on the 'Ocean Model and Information System for APEC Region 2002-Sea Watch in Asia Pacific with Telemetry (SWAT), and study of 'Development and Validation of Phycotoxin Methods, Standards and Reference Materials for Seafood Product Certification and Safety'. The MRCWG also works with the Fisheries Working Group (FWG) on the 'Management of Marine Algal Toxins in Seafood Products in the APEC Region'.

87. In order to strengthen ongoing cooperation between the MRCWG and the FWG on issues of common concern, both working groups agreed in 1999 to hold joint sessions every two years. The aims are to identify common interests and strengthen cooperation relating to sustainability of the marine environment, and to develop collaboration for new projects. The first joint session dealt with the issue of destructive fishing practices and their impacts, following the strategy of the for Virtual Task Force on Destructive Fishing Practices. Other common concerns include 'Management and Enforcement Strategies for Marine Parks, Aquaculture and Fishery Resources'; 'Exotic Marine Species Introduction'; 'Capacity Building on Marine and Fishery Resources'; and 'Coral Reef Conservation'. The importance of information sharing and cooperative mechanisms between the two working groups was addressed in its second joint session in 2001.

88. Recognising the need for integral management on common issues of concern, Korea proposed, and the MRCWG and FWG endorsed, the first APEC Ocean-related Ministerial Meeting. The meeting was held in April 2002 in Seoul, Korea, with the theme 'Toward the Sustainability of Marine and Coastal Resources' and it resulted in the adoption of the *Seoul Oceans Declaration*. Strengthening cooperation among APEC economies through capacity building was also adopted as one of the resolutions for achieving the goal of sustainability of marine resources.

89. The MRCWG, at its 15th meeting in June 2002, agreed to review its operations following the approval of the *Strategic Approach for the Implementation of the APEC Action Plan on Sustainability of the Marine Environment*, in 2000, as well as the adoption of the *Seoul Oceans Declaration*. In addition, it endorsed a forward looking operational plan based on the *Seoul Oceans Declaration* to ensure the full scope of objectives within the *Action Plan* and the *Declaration* is developed in a timely manner.

Small and Medium Enterprises Working Group (SMEWG)

90. The SMEWG has focused its work for 2002 on the five main themes for SME development:

- Responding to the needs of APEC SMEs;
- Capacity building of APEC SMEs;
- Enabling APEC SMEs to capitalise on electronic commerce;
- Making financial and capital markets more accessible to SMEs; and
- Towards harnessing diversity for shared economic prosperity, the SMEWG is focusing its work for this year on the three main focus:
 - policy environment;
 - sustainable growth; and
 - regionalism.

91. The adoption of a policy environment conducive to the development and growth of SMEs will help APEC economies appreciate the underlying needs of a market-based system. In this context, economies can address SME development issues while strengthening market fundamentals, economic policies, and corporate governance across the region. SMEWG activities to enhance policy environment include the holding of a seminar on the 'Challenges and Opportunities for APEC SMEs after China Accession to the World Trade Organisation (WTO)'. The seminar enabled government officials to meet and discuss how to create a policy environment to enable SMEs to best deal with the challenges of the new environment as well as to reap the new opportunities created by accession to the WTO.

92. Efforts to enhance SME's competitiveness in an open trade and investment environment in the APEC region help create a sustainable process for SMEs across member economies. To achieve sustainable growth for SMEs, APEC officials share information on best practices, knowledge, ideas and concepts, to enable SMEs to grow and develop as a backbone of APEC economies. Through the 'Voluntary Visit Program of APEC government officials to the US' participating APEC SME government officials meet representatives of the US federal and local governments, private sector and academics responsible for the development of SME policies and programs to learn from their experiences.

93. In its efforts to prepare SMEs for an open trade and investment environment in the APEC region, the SMEWG is working to facilitate access to markets among member economies as well as to strengthen the economic infrastructure and resilience of APEC SMEs. It is also working to strengthen regional markets to achieve sustainable growth for SMEs. One activity in this regard is the innovative forum 'International Business Cooperation in the Sphere of Innovative Entrepreneurship', which aims to create a favorable environment for international business cooperation in terms of innovative SME development and innovative technology commercialisation and transfer within APEC communities. The 'Portal Hub' project aims to establish and maintain an easily accessible site with links to other websites, which can in turn provide SMEs with access to relevant information, advice and services to help them expand their businesses in the APEC Region.

Telecommunications Working Group (TELWG)

Digital Divide

94. At Cancún, in 2000, Telecommunications and Information Ministers (TELMIN) stressed the importance of bridging the digital divide at the domestic, regional and international levels and encouraging private sector participation. Following that:

- APEC Leaders in November 2000, in Brunei Darussalam, called for the tripling of Internet access in the APEC region by 2005.
- The e-APEC Strategy, adopted by Leaders in 2001, reinforced the goal that all groups within an economy will have access individually or through community-based services to the Internet by 2010.

95. In response, the TELWG developed and adopted a *Digital Divide Blueprint for Action*. The *Blueprint* recognises that economic benefits can flow from the uptake of information and communications technologies (ICT), the provision of basic access is a crucial first step, and that human resource development is vital to help create more digital opportunities.

96. In the course of this work, the TELWG has also:

- Gathered statistics on Internet access, to gauge progress on the Leaders' initiative in Brunei;
- Conducted an internal stocktaking in 2001 on policies employed by member economies to bridge the digital divide; and
- Held three workshops between 2001 and 2002 to determine the policies required to bridge the digital divide and address skills shortages.

Internet Issues

97. Priority has been given to the implementation of the principles on *International Charging Arrangements for Internet Services*, adopted by TELMIN in 2000. The TELWG, through an Internet Issues Task Group, has continued to foster discussion between member economies on appropriate means to assess and reward the value of products and services exchanged in the provision of converged Internet services. This work has also been considered together with broader development issues in various TELWG activities, including work on the digital divide.

98. TELWG has recognised that the assessment of value exchanged through Internet services is an issue upon which consensus may be difficult to achieve. In the interest of transparency in this market, and to support the needs of commercial operators, TELWG has endorsed a project, proposed by Korea, to develop measurement tools to assist in the negotiation of charging arrangements related to traffic type and volume. This project has the potential to assist the development of business models for next generation internet services, as well as answering concerns about the international provision of current internet services.

E-Security

99. In response to the *United Nations General Assembly Resolution 55/63 on Combating the Criminal Misuse of Information Technologies*, 12 economies have indicated that they are implementing the ten measures, and 11 economies have provided reports on implementation. A number of the e-APEC Strategy initiatives also go towards implementing the ten measures included in the UNGA Resolution.

100. APEC TELWG, through the workshops and meetings of the e-Security Task Group, has been addressing information and communications technology security, and information infrastructure protection, for the past two years. Information exchange to date has occurred primarily at the workshops and meetings and through electronic discussion.

101. E-Security was a focus at TELWG meeting in Moscow in August 2002. In conjunction with the TELWG meeting, the European Electronic Signatures Standards Initiative (EESSI) has invited the TELWG eSTG members to attend a two-day multi-national workshop (funded by EESSI) for exchange of information on e-authentication. A separate two-day seminar on Critical Infrastructure Protection was also held in Moscow.

Interconnection

102. In 2000 TELMIN adopted principles on network interconnection and encouraged continued work. Interconnection is the linking of different telecommunications networks, a key to facilitating business in telephony, data and e-commerce. The TELWG has implemented this by:

- Completing an Interconnection Resources Project; and
- Commencing a training program to assist policy-makers and regulators to deal more speedily and effectively with pricing and other issues that arise in interconnection negotiations and arbitration.

Mutual Recognition Arrangements (MRA)

103. The *APEC Mutual Recognition Arrangements on Conformity Assessment for Telecommunications Equipment* provides for progressive implementation according to the readiness of each economy:

- Ten APEC economies have implemented Phase I with four more expected to be participating by the end of 2002.
- Five economies are participating in Phase II procedures and at least two more will join Phase II by the end of 2002.

104. Many APEC members face real difficulties in efforts to implement liberalisation commitments in the communications sector, even though they may fully appreciate the economic benefits and cost savings that will flow from implementation. This is true also for the MRA, which requires participants to have access to each other's technical requirements, as well as information about the authorities that accredit test houses and the agents that issue test reports and certificates. For this reason, an online management system has been developed to provide an 'information age' tool for APEC members to use, and a training program is about to be launched to ensure the widest possible participation in the MRA.

105. The success of the APEC MRA approach has been widely recognised internationally and this approach is now being taken up actively by other regional bodies, such as the Inter-American Telecommunication Commission (CITEL) and the Asia-Pacific Telecommunity (whose membership includes 13 non-APEC economies in South and West Asia).

E-commerce

106. TELWG has maintained a very busy work program to support the development of electronic commerce in the region, with a number of valuable projects providing advice and information on key issues including interoperability, cross-border links between e-commerce marketplaces, and legal infrastructure requirements.

107. The Asia-Oceania Electronic Marketplace Association (AOEMA, which has a guest status in the TELWG) has conducted an international study of good practice that found universal recognition of the need for action to support electronic commerce uptake by SMEs, in the following priority areas:

- Access to reliable infrastructure;
- Knowledge and skills including understanding of viable business models;
- Trust and confidence, especially where governments and business partners are not online;
- Language capability, including access to foreign language skills and translation facilities;
- Security of electronic transactions;
- Legislation and related legal and regulatory issues, and
- Financial payment systems that are accessible, safe and reliable.

e-Government – Information Sharing and Discussion

108. The TELWG has been convening a series of discussions on e-Government. For example, suggestions for possible ways forward were derived at the TEL23 'e-Government Workshop' in March 2001. Following which, at TEL24 in Jeju, Korea, in September 2001, priority of its work in the area of e-Government was discussed. At TEL25 in Hanoi, March 2002, a stocktaking on each economy's activities for promotion of e-Government was endorsed. Based on these developments, the actions for the promotion of e-Government in TELWG include:

- Conducting a stocktake of e-Government activities in each economy and reporting the result to TELMIN5; and
- Encouraging discussion on e-Government issues with private sector participation.

109. TELWG also contributed and was represented at the *High Level Symposium on e-Government* held in Seoul, Republic of Korea, in July 2002.

E-APEC Strategy

110. In 2001, the APEC Leaders' meeting endorsed the *e-APEC Strategy* as part of the Shanghai Accord, which demonstrated APEC's resolve to develop information and

communications technology (ICT) coupled with the vision of a digital society. The *Strategy* is a long-term, forward-looking plan designed to:

- Create an environment for strengthening market structures and institutions;
- Facilitate an environment for infrastructure investment and technology development; and
- Enhance human capacity building and promote entrepreneurship.

111. The strategy relies on TELWG to carry forward its agenda including the areas of:

- Digital divide;
- Internet issues;
- Interconnection;
- Mutual recognition arrangements; and
- Electronic commerce and e-government.

112. Together with the Leaders' Statement on Counter Terrorism, the strategy also recognises the importance of information and network security.

Tourism Working Group (TWG)

113. The APEC Tourism Working Group has had a particularly productive year. At the second Tourism Ministerial Meeting held in Manzanillo, Mexico, in July the TWG presented Ministers with a number of deliverables and completed projects. These projects were the result of the directive outlined in the *APEC Tourism Charter*, which was endorsed and signed at the first Ministerial Meeting held in Seoul, Korea, in 2000.

114. The APEC Tourism Charter includes four policy goals:

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

115. These goals are identified in Part II of the OAA. They also relate to the ECOTECH priority themes, which are embodied in the *Manila Declaration*, notably the need to: develop human capital; strengthen economic infrastructure; harness technologies for the future; develop and strengthen the dynamism of small and medium-sized enterprises; and safeguard the quality of life.

116. In implementing Part II of the OAA, the TWG has been able to cover all four Policy Goals. For example, the three deliverables presented at the APEC Tourism Ministerial meeting directly address Policy Goal Four:

- The Tourism Information Network (TIN) is now up and running. This website (www.apec-tourism.com) contains a collective knowledge base of tourism information via a single, convenient point of access. Its purpose is to assist target audiences to network and collaborate, in particular APEC research networks.
- The APEC International Centre for Sustainable Tourism (AICST) is the result of a project that was endorsed by Tourism Ministers in Seoul, Korea, in 2000. The TWG's task was to establish a collaborative research network. This network is a multilateral tourism research consortium actively drawing together interested organisations to build linkages, research and education capacities especially enhancing opportunities to develop tourism that are of mutual interest to participants.
- The research project 'Best Practice in the Development of Tourism Satellite Accounts (TSA) in the APEC region' is intended to assist APEC member economies to establish a credible and internationally comparable set of standards that track tourism growth and measure the contribution of tourism to member economies. The research results have been compiled into a publication which include survey results of 11 case studies of member economies that have already developed, or are in the process of developing, TSAs of their own.

117. In addition to the above noted deliverables, completed projects were also presented to Ministers.

- The 'APEC Tourism Impediments Study' supports Policy Goal One – *Removal of Impediments to Tourism Business and Investment*. The objectives of the study were to review the extent of impediments that affect the movement of travellers and the development or operation of tourism businesses. In general those economies which participated in the study were found to have relatively few significant impediments. Increasing recognition by governments of the importance of tourism to the economy has resulted in greater willingness by agencies whose policies affect tourism to assist in responding to the needs of the tourism sector.
- Policy Goal Two – *Increase Mobility of Visitors and Demand for Tourism Goods and Services* was supported by the project 'Application of Electronic Commerce to Small and Medium Tourism Enterprises' (SMTEs). Essentially this study aimed to facilitate the amalgamation of independently produced tourism products, assist SMTEs to achieve competitive advantages, and reduce barriers to trade in the tourism services and investments. A number of the recommendations revolve around policy issues. In general results of the study indicate that work needs to be done both at local and regional levels to enhance the environment for electronic commerce and to support the adoption of e-commerce by SMTEs.
- Policy Goal Three – *Sustainable Management of Tourism Outcomes and Impacts* was supported by two projects. 'Training for Sustainable Development in the Tourism Industry' focused on raising the level of awareness on training for sustainable development, assisting member economies to develop effective training programs, and facilitating the exchange of tourism information. Survey results indicate that only one-third of tourism-related enterprises have relevant educational training programs and those surveyed believed that the most important consideration for future generations are the benefits that sustainable tourism can bring to an economy

118. The objectives of the second project 'Public-Private Partnership for Sustainable Tourism' were to provide a framework for the sustainable development of the travel and tourism industry in the APEC region through public/private sector partnerships, and to deliver a sustainability strategy for tourism destinations. The report indicates that while it

is important to develop the appropriate tools to assist communities to monitor, improve and report their performance with respect to sustainable tourism development, tools alone are not enough. These tools must actually be used. The report refers to the desirability of using the Green Globe sustainability system as an appropriate mechanism for benchmarking, certification and improvement.

119. Sixteen member economies completed and presented Individual Action Plans (IAPs) for Tourism to Ministers. These IAPs for Tourism represent the current state of the tourism policy in each of the member economies, initiatives and projects undertaken and, where considered appropriate, set out planned improvements. The delivery of these IAPs fulfills the 'nomination' phase of the process as outlined in the first schedule of the Charter. It is important to note two points.

120. First, these IAPs are living documents. Each year, each economy will update its IAP to ensure that it reflects current tourism policies and regulations.

121. Secondly, economies are encouraged to engage on a bilateral basis with each other on the action plan as laid out in the IAPs. It is anticipated that any barriers or impediments to tourism development can be addressed via this mechanism.

122. The Schedule to the Charter also outlines the process for developing a Collective Action Plan (CAP) and for nominating issues that the TWG considers should be addressed by other APEC fora. With the delivery of the IAPs the TWG is now able to concentrate its efforts towards developing the CAP and nominating issues arising from the CAP for consideration by other APEC fora.

123. The year 2003 promises to be a busy one. Ministers at the Second APEC Tourism Ministerial Meeting adopted four new initiatives that are to be addressed at the next TWG meeting to be held in Chinese Taipei in November 2002:

- The 'Safety and Security for Travellers' initiative addresses the requirement that all APEC economies take all possible measures in order to secure the safety of travellers, and to provide accurate information on actual situations regarding the safety of tourist destinations. Concrete measures to develop networking of information on safety issues abroad are to be undertaken as part of the TWGs' work.
- Encouraging productive investment in the tourism sector is vital for the continued economic growth of the travel and tourism sector. Future work plans of the TWG will include:
 - surveying the different policies, laws and regulations adopted by APEC member economies to encourage investment in tourism;
 - identifying opportunities for investment in tourism in the future (up to 2005); and
 - gathering information on potential investors worldwide to assist APEC economies to find the appropriate investors.
- SMTEs are important to the economic growth of the tourism sector. Capacity building for SMTEs recognises the need for a concept oriented towards a goal that is broader than growth. That is, a concept that takes into consideration the carrying capacity of the environment and development that is directed towards 'balance of life'. 'Balance of life' is commonly referred to as sustainable development, which applies a community-based development approach. The initiative will seek to provide factual and reliable information about marketing and promotion opportunities in the tourism sector.

- The TWG will also seek to develop an Index for Measuring Tourists' Satisfaction.

Trade Promotion Working Group (WGTP)

124. The WGTP continued to focus on three areas of activities identified in Part II of the OAA: conducting trade fairs, enhancing linkages, and fostering business networking and matching services. Information sharing through electronic means was the key ECOTECH objective this year.

125. The Thailand International Food Exhibition (THAIFEX) and the Thailand International Muslim Food Exhibition (THAIMEX), held from 29 May to 2 June 2002, attracted 500 leading exporters and 7,600 traders. Free booth space was provided to member economies, enhancing their communication and providing business opportunities among business communities in the APEC region.

126. The Core Characteristics Survey (CCS) IV was completed ahead of schedule in May 2002. It introduced new categories, such as performance measures and profiles on women, and observed that CCS IV reveals budget increases in real terms for most Trade Promotion Organisations (TPOs) over the 1998-2001 period. CCS also presented a summary of developments in APEC TPOs as revealed through successive surveys, such as a leaner workforce among TPO staff, higher numbers of domestic staff posted overseas, and dramatic increase in number of locally engaged staff.

127. APECNet revamping work was also in progress since early 2002 demonstrating a list of new features, such as "New Profiles Alerts" and "HS Product Code Search," and describing a database and administration module for use by APECNet administrators for updating, broadcasting, and statistic reporting purposes.

128. The Second Seminar on 'Product Packaging' (Tokyo, 30 Sept–3 Oct 2002) will continue to assist members to exchange experience and information on up-to-date technologies on product packaging. Its main focus will be food packaging. It will also link with Tokyo PACK 2002 and feature factory tours. A further seminar on 'Complete E-trade' (Beijing, 5–6 Sept. 2002) encouraged development of e-commerce in the APEC region, with a view to assisting SMEs to expand business opportunities.

Transportation Working Group (TPTWG)

129. As the forum responsible for transportation, the TPTWG, in the implementation of ECOTECH activities/initiatives, has consistently taken into account the 1996 Manila Declaration's guiding principle of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership and consensus-building. In view of the nature of its mandate, the TPTWG primarily focuses its ECOTECH initiatives on four of the six relevant ECOTECH priority themes:

- Developing human capital;
- Strengthening economic infrastructure;
- Harnessing technologies for the future; and
- Safeguarding the quality of life through environmentally sound growth.

130. Throughout 1999 and 2001, the TPTWG's ECOTECH efforts have centered on cooperative actions that aim to share best practices among APEC member-economies. As a result, many of the TPTWG projects and programs which have been implemented, are being implemented and are being planned to be implemented are designed to help economies, particularly the developing ones, enhance their human capacity in accord with the ECOTECH priority theme of developing human capital.

131. In planning its activities, the TPTWG takes into account the *Guidance for Strengthening Management of ECOTECH Activities*.

132. The TPTWG pays close attention to the joint activities identified in the Osaka Action Agenda (OAA), as a reminder of the goals that individual APEC fora are expected to achieve. Its ECOTECH projects are generally implemented over a medium-to-long-term time frame. Project outcomes are regularly evaluated with a view to clearly articulating how activities have benefited governments, the business/private sector and the community, as a whole.

133. The TPTWG has developed its own guidelines to improve the process by which projects are endorsed internally, either during the regular TPTWG meetings or intersessionally through correspondence, in conformity with the prevailing Budget and Management Committee (BMC) and ESC guidelines. At the 17th APEC Transportation Working Group (TPTWG/17) Meeting, the group reviewed and endorsed proposals to invite new guest organisations in the transportation field, and to renew existing guest approvals. Those recommendations were approved at SOM II in 2001, and the TPTWG has since established or renewed contact with eight international organisations.

134. In 2002, the TPTWG developed a Strategic Direction document, which aims to facilitate the continued improvement of living standards throughout the APEC community by contributing to free and open trade and investment; economic and technical cooperation; human resources development; and the safe, secure, efficient and environment-friendly movement of passengers and goods throughout the region.

135. The business/private sector is represented in many member delegations at TPTWG meetings. At the 3rd APEC Transportation Ministerial Meeting in Lima, Peru, in May 2002, private sector delegates representing the different modes of transportation across the Asia-Pacific region were given an opportunity to react and discuss transportation issues directly with Transportation Ministers.

136. In the formulation and implementation of its ECOTECH activities, the TPTWG is mindful of APEC priorities relating to integration of women in the transport sector, the need for greater cross-sectoral participation, environment and sustainable development issues. TPTWG ECOTECH activities are reflected in the TPTWG Operational Plan.

Economic Committee (EC)

137. The EC attaches great importance to its task of providing in-depth analyses of the changing economic conditions in the APEC region. The advent of the new millennium, characterised by the unprecedented rapid expansion of information technology and the need to utilise knowledge in every aspect of society, has created a new role for the EC.

138. In conformity with this new role, the EC is focusing on four core projects that respond to the challenges of a globalised economy.

139. The *APEC Economic Outlook*, the EC's key annual analytical report, reviews recent economic developments and prospects for APEC economies, and addresses topical structural issues bearing on APEC policy priorities. The Office of the Economic Committee Chair and Mexico is coordinating the 2002 report. While the EC Chair's Office leads the key annual analytical exercises, Mexico will lead the topical structural issue selected for this year, which is the study of the development, supervision and regulation of microbanking in the APEC region.

140. Microbanking is defined as an activity consisting of the provision of small-scale financial services, such as credit, savings, insurance, and remittance services to low-income segments of the population and micro-enterprises. This activity can be undertaken by a broad array of intermediaries, ranging from non-governmental organisations (NGOs) to credit unions, thrifts, savings banks, commercial banks, state banks, etc.

141. The initiative is aimed at:

- Reviewing recent experiences of APEC member economies regarding the regulation and supervision of these financial activities, considering specifically how they have contributed to the development and strengthening of more sophisticated intermediaries;
- Analysing complementary promotional policies and specific institutions or mechanisms devoted to support microbanking activities; and
- Assessing the concrete effects of microbanking on the targeted beneficiaries, that is, the low-income population and micro-enterprises demanding its services.

142. The *New Economy* project is focused on bringing the benefits of IT to all members in a balanced way. Its objective is to first come up with the most appropriate definition of the term 'New Economy', before trying to quantify its potential benefits, especially from a macroeconomic perspective. The project will also present practical examples of the challenges facing the business/private sector, individuals and governments using various New Economy policies and technologies. Finally, the project will draw conclusions and formulate policy recommendations from the findings of the research. Australia, Canada, Japan, Chinese Taipei and the United States are jointly leading this project, each pursuing a different sub-topic.

143. The project on *The Benefits of Trade and Investment Liberalisation and Facilitation* is being carried out in response to instructions from APEC Leaders and Ministers and strong demand from the business/private sector for APEC to place more emphasis on work related to trade facilitation in order to promote a free and open trade environment.

144. One of the most important developments in the APEC region during the past decade has been the significant reduction of tariffs on trade in goods, which has contributed to the expansion of trade flows among member economies. At the same time, it has also been well demonstrated that trade and investment facilitation can generate benefits similar to, or even greater than those produced by tariff reduction. It is noticeable that as the marginal cost for further tariff reduction increases, the benefits of addressing facilitation measures become more pronounced. In this respect, complementary action on trade liberalisation via investment liberalisation and other facilitation measures enhances the effectiveness of TILF.

145. With this background, the research project aims to provide analytical insights that will help APEC meet impending challenges as it moves towards the Bogor goals. One of the challenges is to further strengthen trade and investment facilitation measures as the trade liberalisation process continues. In this light, the project is focused on the following:

- Assessing APEC's progress in the liberalisation and facilitation of trade and investment;
- Examining areas for improvement related to APEC's trade and investment facilitation;
- Analysing the cost and benefits of trade and investment facilitation and suggesting ways to contribute to the achievement of the OAA goals; and
- Proposing ways to improve market access and trade-related capacity building.

146. Japan and Korea are leading this project in collaboration with other interested member economies.

147. The EC published in 2000 a report entitled *Towards Knowledge-based Economies in APEC* which assessed the knowledge infrastructure in the region, examined the policy environment conducive to expanding the knowledge base, and identified possible areas of APEC cooperation for promoting knowledge-based economies (KBEs). The report gave three specific recommendations on how to promote KBEs in the APEC region, namely:

- Establishment of a Knowledge Clearing House (KCH) website;
- Generation of igniting policies to trigger the transition to KBEs; and
- Inclusion of KBE status indicators in the *APEC Economic Outlook* report.

148. This year, Australia, Canada and Korea, who led the research work for the KBE report, will prepare a detailed plan for the implementation of the three KBE recommendations.

149. The results of the four major research studies of the EC will be valuable in terms of providing policy makers in APEC with policy options and directions on the key macroeconomic issues directly affecting the region. The projects also offer recommendations on possible areas for strengthening economic cooperation among APEC member economies moving towards long-term and sustainable growth in the region and contribute to human resources development and capacity building.

Committee on Trade and Investment (CTI)

150. The Committee on Trade and Investment (CTI) is responsible for overseeing APEC's work on trade and investment liberalisation and facilitation (TILF). This work relates not only directly to APEC's objective of achieving the Bogor goals, but also encompasses a wide range of activities and projects that respond to at least one of the six ECOTECH priority themes. These activities underscore the complementary role which ECOTECH plays in the TILF process for the purposes of meeting the common objective of producing results that are responsive to the instructions of Leaders and Ministers and at the same time, are credible and relevant to the public and private sectors.

151. Each year, the CTI oversees and implements more than 50 projects, involving amongst others, training cooperation programs, workshops, seminars, symposiums, surveys and studies. The main thrust of many of these activities is on 'Developing Human Capital'. These activities include multi-year technical training programs to assist member economies in the implementation of the Collective Action Plans in the area of customs procedures; technical cooperation projects to promote participation in mutual recognition arrangements under the standards and conformance area; and technical cooperation programs to build the capacity of economies in immigration facilitation techniques in the area of mobility of business people.

152. In addition, training programs/capacity building projects were also developed in 2002 to facilitate the ability of developing APEC economies to implement WTO agreements under the APEC Strategic Plan on Capacity Building related to the Implementation of WTO Agreements as well as to enhance understanding of new issues such investment and competition policy. A total of 19 projects, including 4 new projects to be considered for 2003, have been developed since the endorsement of the Plan to assist developing member economies in addressing concerns over certain aspects of the implementation of WTO Agreements.

153. In addition, CTI also undertakes activities which address all remaining ECOTECH priorities except for the theme on 'Promoting Environmentally Sustainable Development'. These activities include those supporting the APEC's Early Voluntary Sectoral Liberalisation (EVSL) process managed by the CTI. While much of the remaining work in this area has been captured in the mainstream activities of CTI and its sub-fora, ECOTECH is still an integral part of the process. Two ECOTECH projects, supporting the automotive and medical equipment and instruments sectoral initiatives were developed for implementation in 2002. The 2nd APEC Seminar on Harmonisation of Medical Device Regulations was held on 17-18 May 2002 in Singapore. Preparatory work is underway to implement the project, 'Adoption of Quality Management Systems (QMS) in Autoparts and Components Industry', targeted at uplifting the core competencies of SMEs to manufacture products complying with international standards.

Finance Ministers' Process

154. Over the past nine years, the APEC Finance Ministers' process has proven to be a valuable forum for assessing the regional economic and financial situation and promoting sustainable economic growth in the region. Responding to the formidable challenges posed by the 1997-98 Asian financial crisis, Finance Ministers have over the years placed emphasis on economic restructuring, financial stability, capacity building and broader regional cooperation in response to the instructions by APEC Leaders. In the wake of last year's 11 September terrorist attacks in the United States, Finance Ministers have carried out a substantial amount of work in combating the financing of terrorism and money laundering.

155. The policy themes for the 9th APEC Finance Ministers' Meeting (Los Cabos, Mexico, 5-6 September 2002) were:

- Combating the financing of terrorism and money laundering;
- Advancing pending fiscal and financial reforms; and
- Improving the allocation of domestic savings for economic development.

156. Finance Ministers launched an 'Action Plan on Combating the Financing of Terrorism' with the following emphases:

- Cutting off access for terrorists to the international financial system;
- Implementing international agreements and standards;
- Carrying out oversight of alternative remittance systems and non-profit organizations,
- Enhancing law enforcement actions and information sharing;
- Providing technical assistance where needed; and
- Expanding efforts to increase cooperation between financial intermediaries and the public sector.

157. In addition, Ministers laid out the steps needed to advance pending fiscal and financial reforms and the importance of close observance of international standards and codes. Ministers also encouraged APEC economies to carry out appropriate steps to promote more openness, diversity and competitiveness in their financial markets, including through the development of regional bond markets. Further information on the work on the APEC Finance Ministers Process can be found at <http://www.shcp.gob.mx/fmp2002/index.html>.

158. There are now 11 on-going initiatives under the Finance Ministers' process, which cover three of the six ECOTECH priority themes:

- *Developing Human Capital:*
 - Financial Regulator Training.
 - APEC Future Economic Leaders' Think Tank.
 - APEC Finance and Development Program.
- *Developing Stable, Safe and Efficient Capital Markets:*
 - Voluntary Action Plan for Promoting Freer and More Stable Capital Flows.
 - Electronic Financial Transactions Systems.
 - Fighting Financial Crimes.
- *Strengthening Economic Infrastructure:*
 - Managing Regulatory in Life Insurance and Pensions.
 - Strengthening Corporate Governance.
 - Insolvency Law.
 - Privatisation Forum.
 - Development of Securitisation and Credit Guarantee Markets.

159. At the 10th Finance Ministers' Meeting in Phuket, Thailand, in September 2003, the Finance Ministers will review the status of these initiatives and of the Action Plan on Combating the Financing of Terrorism.

Over the last six years, ECOTECH work has become an increasingly integral part of the work of the APEC Finance Ministers' Process. It is very likely that this work will continue to expand over the coming years.

2.3 Workshop on ECOTECH and Capacity Building

160. APEC Leaders at their meeting in Shanghai, China, 2001, instructed Ministers and Senior Officials to intensify ECOTECH activities and agreed that APEC should strengthen ties with bilateral and multilateral development organisations and funding agencies with a view to minimising duplication and maximising the delivery of capacity building programs.

161. The ESC, at its meeting in Mexico City, in February 2002, considered it important to have an annual workshop on ECOTECH to allow the ESC to widen APEC's contact with other institutions and to receive a broader view on ECOTECH. To inaugurate the process, Mexico and Thailand agreed to convene a workshop in 2002.

162. The 'Workshop on ECOTECH and Capacity-Building: Assisting Integration into the Global Economy' was held in Acapulco, Mexico on 15 August 2002. It built on a symposium on 'APEC Perspectives for 2002 and Beyond' in December 2001 in Mexico City and the 'Dialogue on Globalisation and Shared Prosperity', which was held in May 2002, in Mérida, Mexico.

163. The discussions with stakeholders in Mérida, as well as the domestic political experience of many APEC members, indicate that the continued effort to achieve the Bogor goal of free and open trade and investment may need to be complemented by a 'human face'. The Acapulco workshop sought to build on those discussions in order to assist APEC's capacity building efforts.

164. Participants at the Acapulco workshop included the World Bank, academics, and government and non-government organisations. The presentations of speakers and ensuing question and answer sessions raised some important issues for consideration by APEC, including:

- There was a need to avoid the 'silo effect' by improving coordination among APEC fora;
- There was a need for measurable results that can benefit 'real people' in 'real time' ;
- There needs to be specific targets with clear strategies to implement them;
- APEC needs to consolidate its Ecotech objectives in order to more effectively engage with international financial institutions; and
- A round-table meeting with the international financial institutions should be convened as soon as possible to advance potential partnerships with APEC.

165. A report on the workshop, including a copy of the program, is presented in **Annex 11**.

166. Recommendations:

- ***The GEI is no longer viable and should be disbanded***
- ***The ESC should assume responsibility for activities relating to RISE (Regional Integration for Sustainable Economies) and the coordination of other cross-cutting infrastructure issues.***

- *The ESC will consult with Working Groups to ascertain whether there are any reasons for the decline in the number of projects submitted, particularly under themes that are aligned to their sectoral objectives.*

3 IMPLEMENTATION OF KEY ECOTECH INITIATIVES.

167. Over the years, APEC Ministers have sought an annual report on the implementation of key ECOTECH initiatives. The ESC's report on what has been accomplished in 2002 is presented below.

3.1 Kuala Lumpur Action Program on Skills Development

168. The 1998 KL Action Program on Skills Development germinated the idea of skills upgrading/improvement in cooperation with the business/private sector as one of the means by which HRD is to proceed. Coupled with this is the belief that a thriving SME sector and, by extrapolation, entrepreneurial skills must be nurtured, developed and expanded in the face of technological changes. This idea has been built on and incorporated into much of what the HRDWG is doing. For example, a project to promote innovations in entrepreneur development is underway, looking at teleworking as a viable alternative to conventional working methods.

169. A virtual APEC network of skills development centres (NetSDC) is also being further developed in Malaysia. The NetSDC (www.netsdc.org) enables centres to provide networking industrial skills training, exchange of training modules/instructors and sourcing of instructors/equipment. Gender-interest organisations for example can also be hosted which can help disseminate gender information to end-users and industries. Initially built with government and business sector funds, the APEC funds will now enable centres from APEC economies to be part of this network.

3.2 Human Capacity Building Promotion Program

170. At their meeting in Brunei in November 2000, APEC Leaders announced a bold vision to prepare member economies and their people to "use the technology revolution as a passport to the fruits of globalisation". To this end the Leaders agreed to develop and implement a policy framework which would enable the people in the urban, provincial and rural communities in all APEC economies to have 'individual or community-based access to information and services offered via the Internet by 2010. As a first step they aimed to triple the number of people within the region with individual and community-based access by 2005.

171. APEC Leaders also identified development of human capacity as a fundamental part of that vision and committed APEC to working with the "widest spectrum of the business community and those in education and training" to develop the policies that would make it happen.

172. In response to that vision a High Level Meeting on Human Capacity Building was convened from 15-16 May 2001 in Beijing, China, which gave rise to the *Beijing Initiative on APEC Human Capacity Building*. The *Beijing Initiative* lays the foundation for enhanced HCB work in APEC based on cooperation involving stakeholders including the government, business/private, training and education sectors. It provides a strategic road map to ensure more cohesive, comprehensive and mutually complementary HCB efforts in APEC across all sectors. All APEC fora have been encouraged to incorporate those ideas into their respective work programs and adopt a mutually beneficial model of cooperation between the stakeholders.

173. The APEC Human Capacity Building Promotion Program (HCBPP) was launched at the APEC Leaders' Meeting in Shanghai, in October 2001. The HCBPP responds directly to the *Beijing Initiative on APEC Human Capacity Building*, which arose from the High Level Meeting on APEC Human Capacity Building that was held in Beijing, in May 2001. The project provides free online training for 1,500 senior IT professionals, a virtual classroom to support e-Learning in the Asia-Pacific region and a cyber forum to encourage the involvement of all stakeholders.

Co-Sponsors

174. The HCBPP was initiated by China, and co-sponsored by Brunei Darussalam; Canada; Hong Kong, China; Mexico; New Zealand; the Philippines; Singapore; Chinese Taipei; Thailand and Viet Nam. As a tripartite cooperation program, it is also supported by Cisco Systems, Sun Microsystems, Oracle Corporation, McGraw-Hill Company, Tsinghua Tongfang Co. Ltd, China Petroleum and Chemical Corporation, China Training Network, Kyoto University, Tsinghua University, and the University of Southern California.

Objectives

- Promoting human capacity building in APEC member economies to take advantage of unprecedented opportunities offered and new challenges brought about by the New Economy and rapid technology advancement.
- Demonstrating tripartite cooperation among government, business and training/education sectors of APEC in online training of IT professionals through the Internet to develop expertise in the New Economy, notably for those in developing APEC economies.
- Facilitating Internet learning by developing a virtual classroom, in order to help more people enjoy the benefits of the New Economy.

Project Component

175. The project is implemented via the APEC HCB Platform (www.apechcb.org.cn), which supports:

- *Online Training for IT Professionals.*
 - Cisco Certified Network Associate (CCNA),
 - Cisco Certified Network Professional (CCNP),
 - SUN Certified Java Programmer (SCJP)
 - Oracle Certificate Professional (OCP).
- *Virtual Classroom for Internet Literacy.*
 - This section is open to the public to assist the people and organisations of APEC economies to access basic training about Internet and computer applications, so as to promote IT applications and Internet access in APEC. The virtual classroom is publicly accessible by the people and organisations of APEC member economies. The currently available courses are Flash 5, and Web Design such as Dreamweaver 4 and HTM.

- *Cyber Forum for APEC HCB.*
 - The Cyber Forum is established to provide a convenient platform for government agencies, business corporations, education/training institutions and other organisations to exchange information, share experience and facilitate policy discussion on strategies, policies and technical issues on APEC human capacity building. The organisers of the HCBPP have started to compile the topics discussed and the outcome of those discussions to make them available to the public.

Progress

176. Since October 2001, there has been steady progress in the implementation of the HCBPP. To ensure high quality in project implementation, a Steering Committee has been established to manage and direct the implementation of the project. The Committee Chair functions as the Project Overseer. 12 member economies (China; Hong Kong, China; Japan; Korea; Malaysia; Mexico; the Philippines; New Zealand; Singapore; Chinese Taipei; Thailand and Viet Nam) have nominated representatives to the Steering Committee. An Experts Group has been established to advise the Steering Committee. The Group comprises professionals from China and participating business and training/education institutions. Several meetings have already been held to discuss technical aspects of the program.

177. The HCBPP website has been linked to the APEC website with the support of the APEC Secretariat. Since October 2001, there have been 14,000 visits registered on the website, from 18 APEC economies. While some visitors have a general interest in human capacity building issues, there has been particular interest by many for courses offered on the online training section.

178. More than 1,500 persons from 15 APEC member economies have applied for the training courses. They are IT professionals from government agencies, business, and education/training institutions. They come from Canada; Chile; China; Hong Kong, China; Indonesia; Korea; Malaysia; Mexico; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Thailand and Viet Nam. The Experts Group pre-screened the applicants' qualifications in accordance with required qualifications of training courses. Some 650 trainees have been selected to participate in the first term's training program: 200 are enrolled in the CCNA course; 250 in the SCJP course; and 200 in the OCP course. The first term of training commenced on 1 May 2002 as planned. All trainees are expected to complete the course by the end of the first quarter 2003. The three course providers during training provide study support and technical support. Evaluations of the first term's training program will be held after the term.

179. Preparation for the second term of online training is under way. The second term of the CCNA training course will commence from 1 October 2002. SCJP and OCP training courses will start on 1 March 2003.

180. APEC members are encouraged to make greater utilisation of the services offered through the Virtual Classroom and Cyber Forum of the HCB Promotion Program Website. In the mean time, China will continue to improve the operation of the website, notably the Virtual Classroom and Cyber Forum. It will also ensure more basic IT training courses are made available to the general public and encourage effective sharing of best practices on human capacity building among APEC members.

181. For further information, please visit: www.apechcb.org.cn or e-mail to: office@apechcb.org.cn

3.3 APEC Education Foundation

Revitalizing the Foundation

182. The APEC Education Foundation (AEF) was established in 1995 as an expansion of the Leaders' Education Initiative of the first APEC Leaders' Meeting held on Blake Island in the United States. Since 2000, the AEF has made significant progress by adopting its signature project, strengthening its governance and management, and expanding outreach and communication with APEC fora and the community at large. To contribute to the realisation of the APEC Leaders' vision to enhance digital opportunities for all, the AEF Board decided to initiate and sponsor the Consortium for APEC Cyber Education Cooperation (ACEC) through a three-year grant of US\$679,000 in 2001. With a streamlined Secretariat, the Foundation also more actively participated in the activities of APEC to enhance its profile as an integral part of APEC.

183. The Ninth APEC Economic Leaders Meeting and 13th APEC Ministerial Meeting in Shanghai, China, marked a new milestone in the efforts to revitalize the Foundation, adding new momentum towards establishing it as a useful vehicle for advancing APEC cooperation in education and human capacity building efforts. Leaders showcased the AEF and ACEC as major outcomes of APEC 2001. Ministers recognized the Foundation's potential as a "useful vehicle for HCB efforts, especially in the area of cyber education cooperation, encouraging further participation in the work of the Foundation and the Consortium by member economies, business, academia and other stakeholders." The e-APEC Strategy encourages "greater utilization of the APEC Education Foundation as a vehicle for advancing cyber education."

Contributing to the APEC Process

184. Based on these achievements, in 2002 the AEF has sought to play a key role in education and HCB cooperation in APEC, to further strengthen the basis for revitalizing the Foundation, and to enhance the institutional profile in the region through increased public outreach.

185. With a focus on utilising information and communication technology (ICT) for furthering education, the AEF continued to support ACEC in order to help teachers and academic administrators effectively use ICT and the Internet. While mobilizing matching funds valued at US\$1.8 million, ACEC has made significant progress in terms of both activities and institutional development with the active participation by member economies and support from the AEF. Through the experience of the Consortium, the AEF has developed a strong capability to create synergies among projects in improving ICT support to education in the region. To ensure the further success of ACEC, the AEF

has provided ACEC with US\$202,000 this year in addition to the contribution of \$325,000 in 2001.

186. Senior Officials have recognised the Foundation's possible role in creating synergies among APEC activities, both existing and newly arising from the e-APEC strategy and Human Capacity Building initiative. SOMs have also encouraged further participation and interest in the work of the Foundation.

187. At its third annual board meeting in June, the AEF Board of Governors recognised that effective use of ICT and the Internet offers a set of tools to smaller businesses that is critical to their success in the New Economy, and decided to take an initiative to enhance ICT capacity building of small and micro-enterprises. In this context, in July 2002 the board called for grant proposals for projects designed to enhance the capacity of small and micro-enterprises to use ICT more effectively. Proposals will be reviewed and selected by the AEF Board in September.

188. The AEF has also strived to establish itself as a key vehicle in implementing the major accomplishments of APEC 2001 such as the e-APEC Strategy for building a digital society and human capacity building initiatives. In order to foster cooperation and facilitate the sharing of information and experiences among APEC member economies in cyber education, the Foundation has been working on a report on collaborative programs and initiatives in ICT education and capacity building in APEC. The report will be presented to the Ministers and Leaders in October 2002, and distributed widely within the APEC community.

189. In addition, accelerated efforts have been made to expand outreach and communication with APEC fora and community at large through both printed and electronic media to help member economies better understand the Foundation's activities. These efforts include an updated website (www.apecef.org) and publication of two issues of the AEF e-newsletter, which have been distributed to APEC members and institutions. Consultations with member economies and private corporations within APEC have also been under way to consolidate the financial status of the Foundation.

3.4 APEC Cyber Education Cooperation

190. The Consortium for APEC Cyber Education Cooperation (ACEC) began with four institutions from APEC economies, Hong Kong, China (Center for Information Technology in School and Teacher Education – CITE), Korea (Korea Education and Research Information Service – KERIS), New Zealand (Communities Online Trust - COT), and the US (Department of Education). Under the auspices of the APEC Education Foundation (AEF), ACEC aims to design and manage a project, on an APEC-wide and multilingual basis, which would provide help and guidance to school teachers and administrators who have acquired access to ICT, but who do not understand how to make the best use of it.

191. The Community Area web at <http://apecef.merito.co.nz> has many innovative features. It currently uses five languages but expects to increase this to 13 languages in the near future.

192. KERIS publishes the ACEN Webzine (<http://webzine.acen.or.kr/>) in five languages: English, Korean, Indonesian, Thai, and Chinese. Efforts are being made to

publish it in Spanish. The Webzine will facilitate activities for online collaboration among teachers and educators in the APEC region.

193. The Youth Internet Volunteer (YIV) program was implemented in Indonesia and Thailand from 6 to 18 August 2001 (<http://www.acen.or.kr/yiv>). Some 40 Korean youths and 4 college professors provided ICT-skill training for school teachers and students in the APEC region. Their activities are expected to increase computer literacy, Internet accessibility, and the use of ICT in education in APEC developing economies. The YIV program has changed its name to the International Internet Volunteer (IIV) to expand its scope of service. This year, Chinese Taipei and Korea will dispatch volunteers to China, Indonesia, the Philippines and Thailand from July 2002 to provide for the needs of each economy. The Korea University Trust, consisting of four Korean universities, Korea University, Korea National Teachers University, Chonnam National University, Pusan National University, have organised the basic operating plan.

194. ACEC presented its establishment and current progress at the APEC SOM III in August and at the 13th APEC Ministerial Meeting in October 2001. The Ministers encouraged “further participation in the work of Consortium by member economies, business, academia and other stake holders with a view towards realising an APEC cyber education community.” Also, the APEC economic Leaders welcomed “the launch of the Consortium for APEC Cyber Education Cooperation initiated and sponsored by the APEC Education Foundation.”

195. In Wellington, COT hosted a series of mini workshops, briefings and discussion sessions with AEF governors and ACEC members in June 2002.

196. An International Workshop for ACEC was held in Busan, Korea on 11–12 December 2001. The workshop aimed at synergising efforts among APEC economies for cyber education cooperation by sharing action plans of the consortium for ACEC as well as each economy’s activities for enhancing human capacity building, and discussing collaborative actions for narrowing the digital divide across the APEC region. Some 28 participants from 9 APEC member economies attended the workshop and participants shared ideas on action plans and discussed collaborative action. The 2002 International Workshop was held in Seoul, Korea on 29–31 July.

197. An ACEC International e-Educational Leadership Workshop was co-hosted by the Institute for the Promotion of Teaching Science and Technology (IPST) of Thailand and CITE on 25–28 March 2002. Forty participants from 11 APEC member economies attended the workshop. An Interactive Learning Network (ILN) (<http://iln.cite.hku.hk:8080/ILN>) was provided online by CITE, for each participant/group to input their work into the relevant online folder and present his/their implementation plan(s) to all participants during the workshop and to continue discussion and communication afterwards.

198. At the 24th HRDWG Meeting in Hanoi, EDNET members supported collaboration between EDNET and the APEC Cyber Education Cooperation to develop the potential of information technology to strengthen international education cooperation. In the meeting, members “Welcome future coordination—both in terms of technology and human interaction—between ACEC and EDNET for discussion of projects, future developments, and transition into other languages, infrastructure and workshops.”

199. In 2002, ACEC focused on developing web portals including the ‘Knowledge Bank’ and ‘APEC Network for Education’, organising the ‘Online Community’ for a

network including teachers and educators in the APEC region, implementing the 'International Internet Volunteer' program, and holding the 'e-Leadership workshop'. All member economies are welcome to participate in the activities of the Consortium.

200. ACEN Advisory Committee and ACEN Teacher Reporters have been organised in three economies: Indonesia, Korea and Thailand, since October 2001. Each economy has appointed 2-3 Advisory Committee members, and there have been 44 Indonesian, 17 Thai and 12 Korean Teacher Reporters. In addition, economies such as Australia; China; Hong Kong, China; Mexico, New Zealand, the Philippines and Chinese Taipei expressed their intention to participate in ACEN. Among them, Australia; Hong Kong, China; New Zealand and the Philippines are forming Advisory Committees and Teacher Reporters at the moment.

201. The US Department of Education has completed the fundamental platform of the Knowledge Bank web portal. Content providers throughout the Asia Pacific region will be able to submit content to the Knowledge Bank through an online interface. Visitors to the Knowledge Bank will be able to search for information related to the APEC education ministers' priority areas by topic area and economy. This information will be made available in two formats: reports including narrative and resources on the topic or a list of resources such as urls and other documents. Also, Digicon is beginning work on developing the 'Going Abroad' section of the web portal, which will house information related to the Exchanges of People and Information priority area. The test site is being developed and will be ready according to schedule.

202. The fourth ACEC steering committee meeting was held in Seoul, on 29 July 2002 with the participation of the EDNET Coordinator, so that collaboration between the two bodies could be enhanced. The consortium has since grown and now has eight full members China; Hong Kong, China; Korea; Malaysia; New Zealand; Chinese Taipei; Thailand; and the United States, along with Indonesia and the Philippines who are participating economies.

APEC Network for Innovation and Entrepreneurship (ANIE)

203. The APEC Network on Innovation and Entrepreneurship (ANIE) is a consortium of institutions from Australia, Mexico, and New Zealand that will build on the work done by ACEC to provide APEC-wide assistance on a multilingual basis for SMEs, women, and micro-businesses—the three priority groups identified by APEC Leaders. Outcomes will be designed to cover vocational education, business planning, marketing, human resource management, formation of business partnerships, better use of ICT, and access to continuing research. An initial pilot project is expected to be ready by September 2002, and the full project will be operational early in 2003. While this proposed project has been under consideration by the APEC Education Foundation for a seed grant, resources will be mobilised through contributions from the ANIE consortium partners.

IT Camp for youth with disabilities

204. While the IT revolution offers opportunities for people with disabilities to overcome some physical limitations it can also amplify and compound their disabilities. In order to ensure that those with disabilities, particularly youth, are not left behind or overlooked in today's IT-based society, the Korean Society for Rehabilitation of Persons with Disabilities (KSRPD) will conduct an 'APEC Information and Technology Camp for Youth with Disabilities' in Seoul, Korea, from 27 to 30 August 2002. The camp will

encourage youth with disabilities to enhance their IT knowledge and skills through, among other things, a homepage contest and games. It will also facilitate discussion of public policies and technological strategies to narrow the digital divide for people with disabilities and build a cooperative network among APEC economies. The IT Camp contributes to advancing the priorities set by APEC Leaders and Ministers and to implementing the e-APEC Strategy.

3.5 APEC Agenda for Science and Technology Industry Cooperation into the 21st Century

205. The idea for an initiative on science and technology industry cooperation was originally proposed by China at the APEC Leaders' meeting in 1997 in Vancouver, Canada. This was taken up by the ISTWG in 1998 and the resulting *APEC Agenda for Science and Technology Industry Cooperation into the 21st Century* (ASTIC) was approved at the 3rd APEC S&T Ministers' Meeting in Mexico, in October 1998; and endorsed by APEC Leaders at their meeting in November 1998, in Kuala Lumpur, Malaysia.

206. According to the ASTIC, "All APEC fora, particularly the Industrial Science and Technology Working Group, should develop and take responsibility for designing and implementing within a reasonable timeframe specific initiatives and activities that support the vision and principles under this Agenda".

207. It further stated that "The SOM Sub-Committee on Economic and Technical Cooperation will oversee the implementation and follow-up work on this Agenda. Annual progress in the implementation of the Agenda shall be reported to Ministers with the initial report to be presented at the 11th Ministerial Meeting in 1999".

208. In response, the ISTWG prepared progress reports and submitted them to Ministers through the ECOTECH reports of 1999, 2000, and 2001. The first report showed that there were substantial activities addressing ASTIC's objectives carried out by relevant APEC fora. The second and third reports were less exhaustive in analysis, but more exemplary. They demonstrated that relevant APEC fora were still active in implementing the ASTIC, and good progress in implementation of the ASTIC had been accomplished.

209. Following a decision at the Joint Forum meeting in February 2002, responsibility for the preparation of the progress reports was transferred from the ISTWG to the APEC Secretariat. The 2002 progress report follows the format established by the previous two reports.

3.5.1 Progress Report on ASTIC

210. The ASTIC sets out the five mechanisms through which the objective of building a prosperous and sustainable APEC community is to be achieved. The following are some examples of projects under each of the mechanisms:

Mechanism 1: Improved availability of and access to information

211. In response to the call of APEC Science and Technology Ministers (Beijing, October 1995), the APEC Science and Technology Website was established in 1998. This Website contributes to improved availability/access to information and the

facilitation of networks and partnerships. It is essentially three databases with a web front end: a database of ISTWG projects, a discussion forum database and a database of S&T links. In order to increase its functionality, the, ISTWG has begun upgrading the website.

212. The work of the TELWG includes the promotion of e-Government. Areas covered include e-Government promotion plans and legislation, current situation and future plan of e-Government functions. Work will continue into the future in line with the mandate from the 5th APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN 5) held in May 2002.

Expected Themes

- International technical standardisation/interoperability
- Introduction of private sector's technical ability
- Security
- Awareness activities for SMEs and individuals
- Efficiency assessment of the operation of the systems
- Internationalisation
- Legislation

213. The TELWG developed the APEC Digital Divide Blueprint for Action, which was approved by TELMIN 5. The TELWG's work to develop the Blueprint included an internal stocktake on economies and their policy initiatives to support the uptake of the Internet and information technology among all sectors of the population and in the business/private sector. The characteristics of successful policies to bridge the Divide focus on:

- Leadership
- Partnerships
- Policy coherence
- Market focus
- Sustainability.

Mechanism 2: Improved Human Resources Development

214. The project of ISTWG on 'Informatics and Surveillance Training for Emerging Infectious Diseases' provides training in the use of information technology and the Internet in sounding alerts and providing surveillance information locally, nationally, and internationally. In addition to capacity building on equipment, laboratory reagents, and communication, the training will equip related personnel with the capacity to monitor different strains of dengue viruses to respond in a more accurate and timely way to potential dengue epidemics within respective economies and across APEC region.

215. HRDWG has some programs targeting the development of human resources in the application of information technology. The 'APEC Educator Exchange Programme-the Use of Information Technology in a Learning Society' encourages educators in the APEC region to continuously exchange knowledge and experience on the use of IT in education. It also serves the purpose of generating innovative processes in the use of IT

in education and providing teachers and other practitioners with new ways of using IT to improve classroom practices.

216. In addition, a virtual APEC network of skills development centres (NetSDC), the Human Capacity Building Promotion Program and the APEC Cyber Education Cooperation consortium have been established to allow APEC members to bridge the digital divide and share information in education and human resources development.

Mechanism 3: Improved Business Climate

217. The TELWG Interconnection Resources and Interconnection Training projects will assist APEC member economies to facilitate business arrangements for network interconnection, liberalise their telecommunications regimes and encourage investment.

218. The Interconnection Training project delivers education and training directed at senior regulatory managers in government agencies, existing businesses supplying telecommunications service and new market entrants. The work carried out should form a basis for reasonable interconnection agreements between incumbents and new entrants in the telecommunications industry without lengthy, expensive disputes and regulatory proceedings.

219. 'APEC Forum on Venture Capital's Role in Science Parks and Business', a project of ISTWG, took place in April 2002. This project not only raised awareness of the importance of venture capital in promoting the development of technology-based companies in science parks and business incubators, it also promoted the flow of information and technology among member economies. The result of this project will benefit and further enhance the exchanges and cooperation among science parks and business incubators, especially in the fields of venture capital and financing for SMEs, providing more cooperative opportunities of technology and industries among enterprises.

220. 'Adoption of Renewable Energy Standard in APEC Region' is a project of the EWG, which could improve business climate for energy products. It recognises that incompatible or non-existent standards for renewable energy components, systems, interconnections, and safety have posed a major barrier to intra-regional trade of these products and services. The EWG addresses this problem by fostering the development of common standards for renewable energy in APEC member economies. The access to information on renewable energy technology is the key for the realisation of this project.

221. The 'Electronic Port Manifests Project' of the TPTWG will identify options for creating an electronic document for port manifests that could be combined with harmonised electronic customs declarations. The project will provide an opportunity for APEC to utilise the true benefits of electronic commerce through the streamlining and re-engineering of processes in the area of cargo manifests for ports and customs authorities which have a large number of common data elements.

Mechanism 4: Enhanced Policy Dialogue and Review

222. The ISTWG project 'APEC Biotechnology Conference – Policy and Strategy', held in Chinese Taipei on 27 February 2002, provided a valuable opportunity for government officials, entrepreneurs, and research scientists involved in policy making and technology R & D to share their information and experience in the field of

biotechnology. The policy dialogue will benefit the government officials who plan biotechnology industry development policy.

223. The first ISTWG 'APEC S&T Policy Forum' was held in October 2001. The forum brought together high-level participants from business/private sectors and research communities as well as senior S & T officials to address the theme of 'Science, Technology, and Innovation in the New Economy: Building Capacity Across APEC'. The forum provided an opportunity for public and private sectors to exchange views and share experience, and resulted in recommendations to enhance cooperation.

224. The APEC Private Sector Renewable Energy Forum was held in 2001. In the Forum, many developing economy representatives highlighted the need for appropriate training in the design, installation, operation and effective maintenance of renewable energy systems. There was also a widespread view that the education sector had not kept pace with the rapid developments in renewable energy technologies and that improved training was needed at the community, government and utility level. In response to the priority identified in the Forum, the EWG will conduct a project 'APEC 21st Century Renewable Energy Initiative: Training and Accreditation Needs and Capabilities Study' in late 2002. The EWG will get private sector input into the planned collaboration under the APEC Renewable Energy Development Initiative (REDI). The fundamental element of the overall strategy is the development of a training and accreditation scheme whereby training can be delivered at a consistent standard across the APEC region.

Mechanism 5: Facilitation of Networks and Partnerships

225. The ISTWG project 'Emerging Infectious Disease (EID): Molecular Epidemiology of Dengue Viruses' aims to improve laboratory capacity, surveillance information and data exchange, and provide consultation on developing dengue epidemic contingency plans in APEC economies. Through this collaboration, all public and private sector institutions will benefit from the protection of their workforces, families and communities from this potentially fatal epidemic disease.

226. The HRDWG 'Information Sharing and Best Practices on Teleworking' will enhance member economies' knowledge through information sharing and best practices so as to facilitate and promote greater awareness on 'teleworking' in member economies that will benefit all sections of society, particularly the traditionally disadvantaged groups. Recommendations will be developed on the appropriate models/practices for members to maximise the benefits from telework so that each economy can utilise this form of work as a vehicle for improving the quantity, quality, geographical distribution and gender employment structure.

227. The TPTWG 'APEC Paperless Trading Demonstration Project – Electronic Transmission of the SANCRT (Sanitary and Phytosanitary Certificate) Message' will develop solutions to assist business and government institutions to replace existing key paper documents, which are required for international cross-border trade, with an electronic form. Part of the project will be devoted to demonstrating the applicability of the electronic forms to the actual trading process using a trial electronic health certification. All economies have been invited to participate in the research stage of the project to assist in identifying barriers, developing solutions and assisting with the trial.

3.5.2 Biotechnology

228. The ATCWG has been involved in the implementation of the ASTIC mainly through its activities in the areas of agricultural biotechnology, plant and animal quarantine and pest management, and plant and animal genetic resources. As the only forum dealing with agricultural biotechnology, the ATCWG will hold meetings in the following areas.

229. First, the ATCWG will hold the 'Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology', from 26 August to 4 September 2002, in Taipei, Chinese Taipei. The objectives of this workshop are to build capacity in APEC economies for agricultural biotechnology; to discuss risk assessment and management; to further linkages and mechanisms to enhance technical cooperation; to keep abreast of relevant developments in international organisations; to share experiences on public communication; to identify the implications of sampling and validation of detection methods; and to report on progress on the Implementation Plan and discuss future activities. This workshop includes a three-day training session on safety risk assessment.

230. Secondly, the ATCWG will hold the 'APEC Symposium on Detection, Monitoring and Management of Invasive Plant Pests' from 30 September to 3 October 2002, in Taipei, Chinese Taipei. The objectives of this workshop are to encourage cooperation between APEC member economies for preventing the introduction and spread of invasive species (especially invasive plant pests), to facilitate agricultural and environmental protection, to enhance the comprehension of the impact of invasive species, and to improve the techniques of detection, monitoring and management of invasive plant pests.

231. Thirdly, the ATCWG will hold the 'Fourth Workshop on Conservation and Utilisation of Plant and Animal Genetic Resources', in Chinese Taipei in 2002. The symposium will help identify possible information needs and cost-effective collection methods as the framework of economy-based genetic resources database. It will also facilitate discussion on appropriate monitoring, evaluation and reporting mechanisms for genetic resources information, discussions on sharing and developing information on genetic resources among APEC member economies, and capacity building on conventional and innovative technologies of genetic resources conservation and utilisation.

3.5.3 Conclusion

232. Working Groups, such as the ATCWG, EWG, HRDWG, ISTWG, TELWG and TPTWG, have in one form or the other been contributing to the implementation of the ASTIC. However, apart from the ISTWG, the other fora do not appear to be aware of this. An examination of the information in the *ECOTECH Weightings Matrix* and project proposals shows that the project's relevance to ASTIC is often not mentioned. Working Groups are not able, therefore, to report on or publicise for outreach purposes their contribution to the objectives of the ASTIC.

233. Recommendation

- ***The ESC, in its coordination role, should draw APEC Working Groups' attention to ASTIC and encourage them to link their work to it where***

appropriate.

3.6 SME Integrated Plan of Action (SPAN)

234. SPAN has been used primarily as a guide for developing economies, to help them review the issues and impediments facing SMEs in each economy, and to implement activities which address these issues. Realising its importance, while taking into account that the global economic environment has changed rapidly in the past three years, it has been decided that the SMEWG should review SPAN to further enhance it for the New Economy. At the same time, the SPAN revision exercise will aim at realigning the Group's objectives, strategies, activities and projects. It will present a clearer overview of the current activities and set a solid basis for the implementation of prospective short-term work.

235. A sample of the actions taken by member economies in implementing SPAN is at **Annex 6**.

3.7 Implementation of Part II of the Osaka Action Agenda

236. When the *Osaka Action Agenda* (OAA) was launched in 1995, APEC 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. They reaffirmed that ECOTECH would be based on the three essential elements of developing common policy concepts, implementing joint activities and engaging in policy dialogue. Action programs in each of the 13 sectoral activities were laid down in Part II of the OAA (ECOTECH, which directly supports trade and investment liberalisation and facilitation, is mainly dealt with in Part I of the OAA and is overseen by the CTI).

237. In 2000 the ESC carried out a review of Part II of the OAA to determine how much had been accomplished since 1995 and whether it needed revision. The ESC noted that Part II of the OAA remained a fundamental reference document "which manifestly articulates APEC's sectoral ECOTECH goals and provides a clear road map for activities that shape policy dialogues and projects by APEC fora". With respect to the Common Policy Concepts (CPC) laid down in the OAA, the ESC noted that they "remained as relevant today as they were when drafted in 1995" and recommended that APEC fora should continue to draw on them when framing their work programs and activities.

238. Following an update of the Joint Activities/Dialogue sections of the OAA guidelines in 2001, Ministers "instructed Working Groups to make sure their future activities are consistent with the updated OAA Part II and include in their annual report to the SOM information on the implementation of OAA Part II so that progress can be monitored".

239. In response, the ESC assessed how Working Groups have been implementing Part II of the OAA in 2002 from information presented in project proposals and the general reports from fora.

240. The ESC has noticed a marked improvement in the ability of project proponents, and by extension Working Groups, to clearly identify the Joint Activity in Part II of the OAA to which the project responds. This is in contrast to earlier observations that while

proponents were able to classify their projects under one or more of the six ECOTECH themes they were often not able to show the linkage of the project to the OAA. One reason for this improvement is the criterion in the Ecotech Weightings Matrix, which requires them to show the linkage of the project to a specific Joint Activity in Part II of the OAA. By so requiring, the ESC seeks to encourage Working Groups to continue to give priority to projects that relate directly to mandated activities.

3.8 Sustainable Development

241. In 1996 Ministers agreed that Senior Officials should undertake an annual review of and dialogue on sustainable development work in APEC. The APEC Secretariat was tasked with compiling an annual overview of all sustainable development activities across APEC fora. A summary of this year's report follows below and the full report is available in **Annex 7**.

242. In 1997, APEC Environment Ministers at their meeting in Toronto, Canada, added three sub-themes to the ECOTECH priority theme of sustainable development:

- Sustainable cities
- cleaner Production
- Sustainability of the marine environment.

243. Sustainable development is treated as a cross-cutting theme and there is, therefore, no specific forum which addresses it. The ATCWG, EWG, FWG, ISTWG, MRCWG, TPTWG and TWG are the most likely to have projects that relate either principally or secondarily to the sustainable development goals. However, as noted earlier there has been a reduction in the number of projects addressing this theme in 2002.

244. With respect to the sustainable cities theme, no new work has been recorded in 2002. The ISTWG has some responsibility for this theme, particularly through its technology foresight project. The TWG has as one of its objectives the fostering of ecologically sustainable development opportunities across the tourism sector. However, there appears to be no forum tracking the implementation of, for example, the 1997 goal of doubling by 2003 'the current number of 170 APEC communities with Local Agenda 21 plans'.

245. Cleaner production activities in 2002 have mainly carried been out by the EWG with a focus on energy efficiency, renewable energy and cleaner energy production. Energy Ministers, at their meeting in Mexico City in July 2002, encouraged further activities by the EWG aimed at, among other things, diversifying energy mixes, improving energy efficiency, deploying new and renewable energy technologies and promoting clean energy. The EWG was asked to showcase its contribution through the report *Energy for Sustainable Development: The Contribution and Role of the APEC Energy Working Group*. The Automotive Dialogue forum is planning a work program that will address environmental issues and alternative fuel technology relating to motor vehicles. The ISTWG, which drafted the original Cleaner Production Strategy in 1997, did not have any projects under this theme in 2002; its focus this year has been on biotechnology and infectious diseases.

246. With two fora dealing exclusively with issues relating to ocean resources (FWG, MRCWG), not surprisingly implementation of the *Action Plan for Sustainability of the Marine Environment* has attracted the most activity in 2002. Work has been strengthened with the adoption of the Oceans Declaration at the first APEC Ocean-related Ministerial Meeting in April 2002, in Seoul, Korea. The *Seoul Oceans Declaration* recognises the importance of oceans for food security, sustainable economic development and social and environmental values within the APEC region. Noting that APEC economies constitute 75% of the world's capture fisheries, over 90% of world aquaculture production and consume 70% of the world's global fish products, the Ocean-related Ministers proposed a series of domestic and regional actions to implement the policy goals enshrined in the declaration.

247. Last year APEC Leaders noted that many member economies would be meeting in Johannesburg for the World Summit on Sustainable Development in 2002 to reinvigorate the commitment to sustainable development in pursuit of enhancing economic growth, promoting human and social development and protecting the environment as interdependent objectives. Leaders pledged that APEC, which has undertaken a broad range of activities in this area, would consider how to contribute to the success of the World Summit and take forward the outcomes in its work program. The Energy and Oceans Ministerial Meetings not only raised the importance of APEC's work to a higher level, but more significantly, they have provided a basis for a solid contribution by APEC.

3.9 Strengthening the Functioning of Markets

248. APEC remains committed to efforts to strengthen markets, including continuing regulatory and institutional reform to improve governance and competition, recognising that such efforts complement liberalisation policies and help maximise and sustain the benefits of open markets.

249. The combination of strengthening market reforms and liberalisation efforts can deliver significant benefits to APEC communities through economic and employment growth and higher standards of living.

250. Reforms which lead to improved transparency, predictability and fairness in the rules, regulations and administration of the corporate and public sectors help enhance competition and broaden participation by enterprises, as well as reduce compliance costs for business.

251. Reforms may also prove useful in preparations for future WTO negotiations under the expanded Doha Development Agenda, which include investment, competition policy, government procurement, e-commerce and trade facilitation.

252. Activities in pursuit of strengthening markets objectives continued in such areas as:

3.9.1 Regulatory reform in conjunction with the OECD

253. The APEC-OECD Cooperative Initiative on Regulatory Reform, which was endorsed at the APEC Ministerial Meeting in Brunei in November 2000, has held three workshops: in Singapore, February 2001; in Beijing, September 2001; and in Mexico, May 2002. Another meeting is scheduled in Korea in September 2002.

254. The Workshops are designed to open and progress dialogue, increase understanding and transparency of relevant laws and policies in the region, and promote awareness of the competition policy work within APEC. Issues covered include design of regulatory institutions and policies; design and operation of Regulatory Impact Analysis (RIA); and integration of transparency and market openness into the regulatory system.

255. A Phase II of the APEC-OECD Regulatory Reform Project has been proposed, with four workshops to be held between 2003 and 2004 in different economies. Topics to be covered have yet to be decided on.

3.9.2 Strengthening Economic Legal Infrastructure

256. Strengthening economic legal infrastructure is essential to building business and investor confidence, and is critical to ensuring the benefits of open markets are maximised and sustained. In this context, the Strengthening Economic Legal Infrastructure Coordinating Group (SELI) was established in 2001 as an informal group. SELI, currently chaired by Japan, mainly focused on the three priority areas of capacity and institutional building, corporate law, and competition policy.

257. Focus this year has been on early implementation and development of cooperative projects under the APEC Strengthening Economic Legal Infrastructure initiative to encourage continuing regulatory and institutional reform, particularly in building capacity and skills of individuals in the legal, accounting and economics professions, and to improve the capacity of legal institutions and government agencies in applying and enforcing the rules for corporations, competition and other commercial activities.

258. Australia has taken steps with the recent completion of pilot seminars on commercial law in the Philippines and Viet Nam. The seminars involved discussion of issues such as corporate and contract law, intellectual property rights and commercial arbitration/alternative dispute resolution. The seminars have been tailored to ensure specific topics discussed are relevant and current. Also, local experts and practitioners were involved in the development and delivery of the seminar modules. The positive results and feedback from these seminars are encouraging with similar seminars in China, Indonesia and Thailand being proposed.

259. Japan, Thailand and Viet Nam are co-organising the training program on competition policy in order to build up members' capacity in the area of competition law and policy, which contributes to the implementation of APEC Principle to Enhance Competition and Regulatory Reform. The first training program was held in Bangkok, Thailand, from August 6 to 8 in 2002, and the second training program will be held in March 2003 in Viet Nam. The program aims to further develop human resources capable of effectively managing competition law and policy.

260. Japan and China will co-host a meeting in Beijing on 18 and 19 September 2002. The main topic is that APEC developing economies that recently promulgated competition law may have both substantive and procedural difficulties in enforcing their respective competition law. This meeting aims to address issues and provide some recommendations, thereby improving and strengthening the enforcement of each competition law.

261. The 2nd APEC Symposium on Strengthening Economic Legal Infrastructure was held in Jakarta, Indonesia, on 11–12 July 2002, with over 400 participants representing

nine APEC member economies. The Symposium, co-sponsored by Japan, Indonesia and Australia, concluded that much has been done in reforming laws, but more will need to be done particularly in the area of enforcement. In addition, APEC has a role to play in strengthening economic legal infrastructure through helping increase awareness of the benefits and in building capacity to interpret, implement and enforce rules and regulations.

3.9.3 SME and New Business Support

262. This is an initiative led by Japan, designed to promote institutional support for SMEs and new businesses to help improve their viability and performance in APEC markets. As a first milestone towards the 'Evolving Cooperation Initiative for SME and New Business Support', APEC developed in 2000 a 'Cooperation Program'. This program identifies and matches the needs of individual economies against the possibility for assistance. Under the program, a series of activities is developed through a unique three-step approach called 'evolving scheme'. The scheme involves a) sharing expertise and experience among member economies, b) provision of APEC support for member economies' institutional and capacity building, and c) feedback of cooperation experiences into the APEC process. To update and coordinate activities in the program, a '2002 APEC SME and New Business Support Workshop' will be held in November 2002 in Japan.

3.9.4 APEC Finance Ministers' Process

263. Significant work on strengthening markets is also being undertaken by the APEC Finance Ministers' Process, whose goals are to promote sound and credible policies for:

- sustainable and broad-based growth with equity in the APEC region;
- good corporate governance and public sector management;
- stable and efficient financial markets;
- greater economic cooperation, integration and openness among APEC economies; and
- facilitation of economic and technical cooperation within the region in pursuit of the above goals.

264. In response to Leaders instructions in 2001 in Shanghai, China, the policy themes for the 2002 APEC Finance Ministers' Meeting are:

- combating the financing of terrorism and money laundering;
- improving the allocation of domestic savings for economic development; and
- advancing pending fiscal and financial reforms.

4 IMPLEMENTATION OF THE GUIDANCE ON STRENGTHENING MANAGEMENT OF ECOTECH ACTIVITIES

265. The *Guidance on Strengthening Management of APEC ECOTECH Activities* was developed by the ESC and approved by APEC Senior Officials in June 1998, in Kuching, Malaysia (**Annex 8**). The guidelines are designed to improve the quality of APEC's ECOTECH work and are applicable to APEC fora, notably project overseers, the BMC and the APEC Secretariat. They encourage each forum to develop projects that are goal-oriented and results-oriented and which do not duplicate past activities or the work of other fora. They require the BMC to take into account the guidelines in approving project applications and the APEC Secretariat to assist fora in ensuring that projects comply with the guidelines and APEC's financial procedures.

266. Since 1998, the ESC has been monitoring the implementation of the guidelines by APEC fora and the Secretariat. The ESC continues to be satisfied that APEC fora are observing the ECOTECH guidelines, particularly in avoiding duplication. The development of joint activities by the FWG and MRCWG is a positive example of cooperation between Working Groups on issues of common or overlapping interest. Likewise, the ATCWG and the ISTWG have noted a possible overlap in responsibilities for tasks relating to biotechnology and have worked out a suitable demarcation.

267. On business participation, at least three groups have established formal mechanisms to facilitate this: for example, the EWG's Energy Business Network, HRDWG's Capacity Building Network and the SCCP's APEC Business-Custom Dialogue. Many others (FWG, TELWG, TPTWG and TWG) have private sector organisations/associations participating in their forum's meetings as 'guests' from time to time. There is also evidence that business/private sector input is being sought in the project formulation stage.

268. Project proponents were able to show that all ECOTECH projects submitted for funding in 2002 were of interest to the business/private sector and, in many cases, involved its participation. Very few projects, however, had any business/private sector funding. This is an area which APEC fora need to look at closely to develop strategies to augment scarce APEC funding. The ESC reminds fora that APEC Leaders, in the *Shanghai Accord*, urged them to "strengthen ties with bilateral, multilateral, and private funding entities with a view to minimising duplication and maximising the delivery of capacity building programs".

269. The ESC notes that the APEC Secretariat has constructively been carrying out its role in supporting APEC fora, notably the BMC, in the tasks identified in the ECOTECH guidelines. The Secretariat continues to provide valuable comments on project proposals seeking APEC funding, including their compliance with the *Guidebook on APEC Projects* and the *ECOTECH Weightings Matrix*.

270. One of the deficiencies noted by the ESC in the past was the lack of information on a project's outcome. Project proponents appeared unable to articulate clearly what benefits would flow to economies and people or what measurable progress and change would result from the project. To a lesser extent, this observation held true for projects that were submitted to the BMC in July 2001 for commencement in 2002. However, it is particularly encouraging to note that there has been an appreciable improvement in the information presented in projects submitted to the BMC in April and July 2002. One possible explanation for this improvement is the communications and outreach training

that was organised by the APEC Secretariat during the Joint Forum meeting in February 2002.

4.1 ECOTECH Weightings Matrix

271. In the interest of ensuring outcome-oriented and value-added projects, as directed by Ministers and Leaders, the ESC developed an *ECOTECH Weightings Matrix* in 1999 to assist APEC fora and the BMC determine a project's importance in relation to APEC's ECOTECH objectives. It sought to provide fora with a better appreciation of the overall ECOTECH priorities of APEC, including desired project outcomes, as opposed to the possibly narrower interests of the particular forum. The *ECOTECH Weightings Matrix* was further refined in 2000 to include some additional criteria. On the whole, the amendments are having the desired effect in making the project proponent and forum think about and express more clearly how the project meets specific ECOTECH objectives and initiatives.

272. In assessing the application of the *ECOTECH Weightings Matrix* for the 2002 project proposals, the ESC noted that many of the projects submitted had outdated versions of the ECOTECH Weightings Matrix. By not using the latest version, project proponents run the risk of not addressing other new requirements that the BMC has introduced. The BMC acknowledged this problem at its April 2002 meeting and the BMC Chair, in a letter of 3 May 2002 to APEC fora, advised that "the BMC has decided not to consider any proposals using outdated format and with incomplete information". It is notable that APEC fora have responded and the prevailing format was used in project proposals submitted to the BMC in July 2002.

273. It is understandable that project proponents unfamiliar with APEC processes may have difficulty in understanding fully the requirements in the project proposal, particularly the *ECOTECH Weightings Matrix*. However, very few appear to seek assistance from relevant Secretariat officers before submitting proposals to the forum or the BMC. Problems are compounded when project proposals are submitted late, as was the case for many of the 'urgent' projects considered by the BMC in April 2002. Again, the ESC notes that the BMC recognised this and encouraged the APEC Secretariat to assist in improving project proposals and ensuring conformance with BMC guidelines. In addition, the BMC has also introduced strict measures to enforce deadlines for the submission of project proposals.

4.2 Program Evaluation

274. In developing the 1998 ECOTECH Guidelines, the ESC had encouraged fora to share their experiences of managing ECOTECH activities and the lessons learned. In practice, except for the BMC process of project evaluation there is no other means to evaluate ECOTECH activities, particularly at a macro or program level.

275. In 2001, the ESC recommended that the APEC Secretariat should provide guidance and advice to APEC fora on the methodology for assessing project results, as well as on how to define outcomes while planning and designing projects. In response, the Secretariat proposed, and SOM endorsed in May 2002, a program of work for the Secretariat as follows:

Develop Best Practices

276. Engage with other organizations such as the ADB, CIDA and other similar institutions to learn about their relevant experiences and practices notably, in evaluating seminars and one-off training programs.

Develop guidelines

277. Based on a combination of the best practice of other organizations and generally accepted evaluation principles, develop guidelines for APEC fora on how to design projects that incorporate outcome measurement.

Expand on lessons learned from APEC projects

278. Information with respect to lessons learned from individual projects has been gathered by the Secretariat. Drawing on that information, the Secretariat could provide guidance to fora for use in developing project proposals. The aim here is to ensure that project proposals take into consideration the lessons learned from past experiences, and avoid methods that have met with limited success.

Develop criteria for “Successful Projects”

279. Gather information from relevant sources to compile and identify elements that constitute a *successful project* in APEC terms.

Possible areas for evaluation

280. While developing these tools the Secretariat could also design a framework for evaluating WTO-related capacity building. As this is an area of increasing importance it could be helpful to take stock of results to date.

281. A second area of evaluation could be the “New Economy” cluster of projects. The objectives of the evaluation would be to determine what those projects are achieving, what can be learned from those successes, and how the experiences could be applied to future activities.

282. In addition, the BMC has approved for funding in 2003, an ESC project on an independent assessment of ECOTECH activities of the Fisheries Working Group, which will:

- Identify ways to make ECOTECH activities more effective;
- Expand knowledge and recognition of ECOTECH activities;
- Improve coordination between various APEC fora;
- Identify areas where ECOTECH activities have had the greatest impact on member economies;
- Enhance the ESC's ability to examine and improve ECOTECH coherence and efficiency; and
- facilitate the ESC's setting of strategic priorities for future ECOTECH projects.

283. The information gathered in the assessment will assist the ESC's ongoing efforts to improve ECOTECH project management and raise awareness of APEC's Ecotech activities. The ESC will review the success of the project and report on these outcomes next year.

284. The ESC recommends that

- ***the SOM underscores the important contribution expected of the Secretariat toward assessing the outcomes of ECOTECH work and toward helping fora to address evaluation issues***
- ***the Secretariat proceed with timely implementation of the approved evaluation program of work, and SOM requests the Executive Director to provide an oral report on its progress to SOM III in 2002; and***
- ***the Executive Director provides regular reports to SOM on its progress in the future.***

5 Human Capacity Building Strategy on the New Economy

285. The emergence of the New Economy has created a new dimension for human capacity building. Consequently, the APEC Ministerial Meeting in 2000 reaffirmed the importance of human capacity building and instructed senior officials to prepare a Human Capacity Building Strategy for APEC to respond to the challenges of the new environment.

286. Following the instruction of the Ministers, a Human Capacity Building Coordinating Group (HCBCG) was established under the SOM and tasked with the development of a Human Capacity Building Strategy for the New Economy (HCBSNE).

287. The tasking recognises that development of knowledge and skills are critical issues in the New Economy, which requires a comprehensive approach. The Strategy offers an effective response to the present and future need for transforming the “digital divide” into “digital opportunities”, taking advantage of the information and communications technologies (ICTs) so that the benefits brought by the New Economy can reach all people in the APEC region. In order to reduce disparities and to provide comprehensive access to the benefits of the New Economy, new and effective approaches to human capacity building are needed.

288. As stated by Leaders in Brunei in 2000 in the Action Agenda for the New Economy, governments together with stakeholders should promote innovation and entrepreneurship, and build human capacity and knowledge through comprehensive and high-quality education, training, and skills development programs. They should promote quality education as a goal, including basic education and distance learning as a means of sharing ideas and experiences in facing common challenges and exploiting opportunities presented by the rapid development of ICTs.

289. The benefits brought by new technologies have not yet reached millions in the APEC community. In order to achieve the goal set by Leaders in Brunei, it is imperative to develop and implement a policy framework, which will enable urban and rural communities in every economy to have individual or community-based access to information and services offered via the Internet by 2010. The aim is to treble the number of people within the region with individual and community-based access by 2005.

290. The Strategy is formulated to be complementary to the current ongoing efforts of APEC as indicated in the Osaka Action Agenda, the e-APEC strategy implementing the 2000 New Economy Action Agenda, as well as to serve on a long-term and inter-sectoral basis for human capacity building efforts of APEC.

291. The HCBCG completed this task in February 2002 and it was adopted by SOM in Mexico City. A copy of the Strategy is at **Annex 8**.

6 ESC's Mandate and Role

Background

292. The ESC at its meeting in Dalian, China, in August 2001, considered that it would be timely for a review of its mandate and role in order to determine whether they were relevant and adequate for APEC's evolving ECOTECH agenda.

293. At the 2001 APEC Ministerial Meeting in Shanghai, China, Ministers 'directed Senior Officials to review the function and mandate of the ESC with a view to making recommendations to the next Ministerial Meeting on any adjustments required to ensure the most effective possible leadership and co-ordination of APEC's ECOTECH work'. For their part, APEC Leaders recognised the 'importance of substantially enhancing the profile of ECOTECH and improving the coordination and management of ECOTECH activities of all fora'. In the *Shanghai Accord*, Leaders welcomed the review to be undertaken on the mandate and role of the ESC and looked forward to 'early progress'.

294. New Zealand agreed to draft a discussion paper and, after consultation with ESC members, it was agreed that the ESC review should consider the following issues:

- What is the ESC's current role and mandate?
- Why was the ESC given that role and mandate?
- What further instructions have there been to the ESC from Leaders, Ministers and SOM since its establishment in 1998?
- What changes in the APEC environment have there been since the ESC's establishment in 1998?
- What are the achievements of the ESC in relation to the expressed objectives, and what are the problems/obstacles faced?
- Is there anything in (or not in) the ESC's mandate which restricts its activity in areas where it may be desirable for the ESC to have a role?

295. A copy of the discussion paper prepared by New Zealand is at **Annex 5**.

ESC's Mandate

296. The ESC is a sub-committee of the SOM, charged with assisting the SOM to manage and coordinate APEC's ECOTECH agenda. The ESC's mandate is very wide, but its powers are recommendatory only. To appreciate the breadth of this mandate a shared understanding of what is meant by 'ECOTECH' is essential, which in turn requires consideration of the relationship between TILF (trade and investment liberalisation and facilitation) and ECOTECH.

297. As noted earlier, ECOTECH is the pursuit of APEC's common objectives and goals through cooperative activities aimed at attaining sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being. Such activities include research, the sharing of information and experiences, and training. Part I of the *Osaka Action Agenda* (OAA) focuses on ECOTECH activities in support of APEC's TILF objectives, and the Committee on Trade and Investment (CTI) coordinates work in that area. On the other hand, Part II lays out the Essential Elements, Common Policy Concepts and areas for

Joint Activities and Dialogue in support of the sectoral objectives of APEC Working Groups.

298. The ESC, however, is expected to manage and coordinate ‘**APEC’s** economic and technical cooperation agenda’. Moreover, the ESC’s Terms of Reference (TOR) consistently refer to ECOTECH activity carried out by ‘APEC fora, **including** working groups and policy level committees’. This confirms that the mandate covers **all** of APEC’s economic and technical cooperation agenda.

299. The ESC was given its mandate and role to meet concern over the coordination of an increasing number of ECOTECH activities, disconnected from a sense of results being pursued or achieved. This concern has not abated, and is indeed voiced regularly. All further instructions given to the ESC by APEC Leaders, Ministers and Senior Officials have fallen within the ESC’s TOR as originally drafted. They have tended to emphasise the core objective of the ESC, which is to achieve a coordinated, action-oriented ECOTECH agenda.

300. For example, there have been some changes in the APEC environment since the ESC’s establishment: the launch of a new WTO round and the prominence of key cross cutting themes such as human capacity building, the New Economy and gender integration. The TOR specifically provide for the ESC to “evaluate proposals to include new priority areas within the *Framework for Strengthening Economic Cooperation and Development*” (Manila Declaration). Therefore, if it were felt that, for example, New Economy was not adequately covered by the six priority themes currently set out in the *Manila Declaration*, the ESC is already mandated to evaluate such a proposal and recommend its addition to the six themes. If a new theme were added to the *Manila Declaration*, however, the ESC would need to consider whether to amend its mandate accordingly (the six priority themes are reproduced in the ESC’s TOR).

301. It emerges from the ESC’s review that more important than the mandate is the question of how that mandate is implemented and the tools and resources needed to implement it. Many of the perceived shortcomings of the ESC are not due to an inadequate mandate, but to inadequate implementation of the mandate. The ESC has a very wide mandate to consider, analyse and report on ECOTECH issues, including the issues referred to in the paper by New Zealand presented in **Annex 5**.

302. Finally, views are divided as to whether the ESC as a ‘Sub-Committee’ of the SOM has a higher or lower status than committees. The evidence is not clear-cut. However, there appears to be a case for re-naming it to reduce confusion.

ESC’s Role

303. An impressive array of cooperative work straddling a broad sectoral agenda is undertaken under the umbrella of ECOTECH. Currently ECOTECH activities can be (and are) categorised in a number of different ways, including in accordance with the various categories in Parts I and II of the Osaka Action Agenda, the six themes in the *Manila Declaration*, and the various ECOTECH initiatives. These sources alone offer at least 47 possible categories of ECOTECH activity (and are summarised in Attachment C of Annex 5).

304. There are advantages in maintaining a wide-ranging menu of ECOTECH activities; the opportunity for cooperative policy development and sharing experience are the indispensable building blocks of the relationships and common purpose that underpin

the APEC community. But a significant disadvantage of casting the ECOTECH net too widely is the potential for its agenda to become incoherent and fragmented.

305. APEC has indeed not yet responded fully to the frequent calls for a less diffuse, more results-oriented set of economic and technical cooperation activities. This is a formidable task in light of the broad array of thematic and sectoral priorities that have been mandated and the many fora that are engaged in relevant work. Faced with a growing list of ECOTECH initiatives, it may be possible to establish a shorter list of priorities for APEC funding, and to direct resources to those issues.

306. As the ESC has no formal role in the project cycle or direct control over APEC bodies carrying out ECOTECH-related work, it is to some extent reliant on reporting from fora for the information to do its job (such as assess achievement of ECOTECH goals). The SOM and the BMC also require reports from APEC fora on a variety of issues. Some fora (ISTWG, TELWG, TPTWG) have identified the increasing reporting burden as a serious problem that could impact on decisions to take on the role of Lead Shepherds. However, the question of the reporting burden needs to be balanced against the requests of Ministers and Leaders and the necessity of adequate information for the ESC to respond to those taskings adequately.

307. Outreach and engagement with the community is an important cross-cutting objective in APEC. In 2001, APEC Ministers endorsed the development of a communications strategy to guide APEC's outreach efforts, and the APEC Secretariat is in the process of implementing the strategy.

308. The ESC should have a clearly defined role in identifying and bridging resource gaps, as well as offering the best approach to manoeuvre these resources to ensure a focused agenda. To this end, greater engagement with other organisations has particular value in the ECOTECH context, as a way to lever resources and broaden participation. In Shanghai, in 2001, Ministers "recognised the need for APEC to interact with bilateral, regional, and international organisations and financial institutions with a view to fostering cooperation, broadening support and leveraging financial resources to boost ECOTECH activities". Some economies have suggested that the ESC, in its role of ECOTECH leader and coordinator, should help to ensure that this need is met, for example by providing a vehicle for dialogue with other institutions.

309. It is clearly within the ESC's mandate to investigate means to strengthen outreach and engagement with other organisations on ECOTECH matters, and take action to 'encourage' participation.

310. Recommendations:

- ***The ESC should further explore ways and means to improve the coordination and management mechanism of ECOTECH activities with a view to ensuring the most effective leadership and coordination.***
- ***In order to seek a more focused and results-oriented ECOTECH program, APEC should distil a short list of strategic ECOTECH objectives, along with appropriate strategies and wherever possible measurable outcomes, drawing from the overall categories of ECOTECH activity set by Leaders and Ministers.***
- ***In order to implement the direction from Leaders to strengthen efforts of TILF and ECOTECH to be mutually reinforcing, relevant fora should interact on how***

best to do this and could consider developing a common set of capacity building/technical cooperation objectives for APEC.

- *The ESC should review the annual reporting requirements on ECOTECH issues and recommend measures to reduce the compliance burden on fora and increase the level of feedback to fora on how reports are used.*
- *The ESC should provide a vehicle for intensive and focused dialogue on cross-cutting themes and initiatives to help catalyse concerted action within APEC for a more effective dialogue with other institutions and fora.*
- *The ESC should hold regular and in-depth dialogue with other organisations, fora and the private/business sectors to draw expertise and experiences and leverage resources to boost ECOTECH activities.*
- *The ECOTECH Sub-Committee of the SOM should be renamed as the SOM Committee on Ecotech, retaining the acronym ESC, and with the original mandate.*

7 ECOTECH ACTION PLANS

Introduction

311. ECOTECH lies at the very heart of APEC process. As one of the pillars of APEC, it is a vital means to reduce the development gaps among member economies, enhance economic and social well-being, and achieve common prosperity. It can bring concrete benefit to each and every member economy, and nurture a sense of community in the Asia-Pacific region.

312. In Brunei 2000, APEC Ministers called for “a more focused and intensified action agenda” for ECOTECH, and instructed Senior Officials to “consider the possibility of establishing IAPs on ECOTECH”. In Shanghai 2001, member economies reached consensus on the concept and framework of EAPs, which would be used as a mechanism to track and encourage ECOTECH activities. It was agreed that EAPs would be submitted on a voluntary basis, focused on the theme of Human Resources Development (HRD) in the first instance, and implemented as a pilot program for two years.

Progress Review

313. As can be seen by their response, APEC members have clearly appreciated that the innovation represented by the creation of the ECOTECH Action Plan offers the potential to strengthen the conduct, impact and profile of APEC’s economic and technical cooperation work, and to facilitate a more focused and intensified agenda. Already within the first year of the two-year pilot period, 18 of APEC’s 21 members have submitted EAPs that set out how they tackle the Common Policy Concepts on HRD contained in the Osaka Action Agenda, both within their own economies and through cooperative measures. This broad based participation reflects the efforts of members to make it as successful as possible during the pilot phase.

314. The EAPs are being examined by relevant APEC fora, most notably the Human Resources Development Working Group, as well as member economies, to consider how the information and insight they contain can contribute to their work in the field of human resources development.

315. In addition, responding to the direction from Leaders in the Shanghai Accord to further develop the EAPs in the light of the experience and lessons learned in the pilot phase, a small group of ESC members was constituted to formulate an approach for assessing the experience. Specific proposals for refining the understanding of possible uses and users of the EAPs so as to maximise their impact and to enhance the template for presenting information have also been received. The merit of considering the further development of EAPs as a means of advancing the achievement of specific ECOTECH objectives has also been noted. All economies share the conviction that the fundamental benchmark for considering EAPs is in making concrete and practical contributions to the attainment of ECOTECH goals and the conduct of APEC’s work.

316. The EAPs will be evaluated in accordance with the following assessment criteria, which were approved by the ESC:

I Purpose

- i. What objectives does it seek to achieve?
- ii. Are the objectives clearly stated?
- iii. Who are the target users/stakeholders?
- iv. How will the information be used?

II Relevance/Usefulness (Substance)

- i. Does the format appropriately reflect the stated purpose?
- ii. Does it contain the needed information in relation to the purpose? (Conversely, does it contain unnecessary information?)
- iii. Does it contain information relevant to the advancement of (ECOTECH) HRD objectives?
- iv. Is there consistency and comparability of information?
- v. Is the information factual and verifiable?
- vi. Does it contain measurable achievement targets?
- vii. Is the information beneficial to the identified stakeholders?
- viii. Does it lend itself to easy updating?
- ix. Does it clearly monitor progress (in HRD) or identify gaps for improvement?
- x. Does it identify areas for future cooperative initiatives?
- xi. Does it link available expertise with needs?
- xii. What is the evidence of the use made of the information?
- xiii. Does it fill a gap by providing information that is not otherwise readily available from other sources?

III User-Friendliness (Format)

- i. Is the information easily accessible?
- ii. Is it simple and readable?
- iii. Is it understandable to the target user?
- iv. Is it focused and concise? (For example, not *all* related information should be in the templates; the reader may simply be guided to additional, in-depth information through the use of appropriate links and references to contact persons/agencies)
- v. Is it clearly written?
- vi. Are the lay-out and format appealing enough?
- vii. Is the software user friendly?

IV Cost-Benefit

- i. How does the effort in compiling the information compare with the benefits?

317. Recommendations:

- *Member economies, APEC fora and APEC Study Centre Consortium are invited to review the EAPs that have been prepared and to draw on the information and insight they contain.*
- *Economies may wish to consider the possibility of updating and improving their EAPs after the preliminary assessments.*
- *In order to respond to the direction from Leaders in Shanghai, the ESC should by SOM I in 2003 develop a work plan for assessing the pilot phase.*
- *ESC should promote the profile of EAP, in particular through the interactive facilities of the ECOTECH Clearing House.*
- *While the pilot phase of EAPs is focused on the theme of HRD in the first instance, the possibility of applying EAPs to other priority Ecotech areas may be explored in the light of the experience gained and lessons learned from the pilot phase.*

8 LIST OF RECOMMENDATIONS

Chapter 2

318. It is recommended that:

- The GEI is no longer viable and should be disbanded.
- The ESC should assume responsibility for activities relating to RISE (Regional Integration for Sustainable Economies) and the coordination of other cross-cutting infrastructure issues.
- The BMC when reviewing the Guidebook on APEC Projects should assess whether there are any underlying reasons for the decline in the number of projects submitted by Working Groups, particularly under themes that are aligned to their sectoral objectives.

Chapter 3.5

319. It is recommended that:

- The ESC, in its coordination role, should draw APEC Working Groups' attention to the Agenda for Science and Technology Industry Cooperation (ASTIC) and encourage them to link their work to it where appropriate.

Chapter 4.3

320. The ESC recommends that:

- the SOM underscores the important contribution expected of the Secretariat toward assessing the outcomes of ECOTECH work and toward helping fora to address evaluation issues
- the Secretariat proceed with timely implementation of the approved evaluation program of work, and SOM requests the Executive Director to provide an oral report on its progress to SOM III in 2002; and
- the Executive Director provides regular reports to SOM on its progress in the future.

Chapter 6

321. It is recommended that:

- The ESC should further explore ways and means to improve the coordination and management mechanism of ECOTECH activities with a view to ensuring the most effective leadership and coordination.
- In order to seek a more focused and results-oriented ECOTECH program, APEC should distill a short list of strategic ECOTECH objectives, along with appropriate strategies and wherever possible measurable outcomes, drawing from the overall categories of ECOTECH activity set by Leaders and Ministers.
- In order to implement the direction from Leaders to strengthen efforts of TILF and ECOTECH to be mutually reinforcing, relevant fora should interact on how best to do

this and could consider developing a common set of capacity building/technical cooperation objectives for APEC.

- The ESC should review the annual reporting requirements on ECOTECH issues and recommend measures to reduce the compliance burden on fora and increase the level of feedback to fora on how reports are used.
- The ESC should provide a vehicle for intensive and focused dialogue on cross-cutting themes and initiatives to help catalyse concerted action within APEC for a more effective dialogue with other institutions and fora.
- The ESC should hold regular and in-depth dialogue with other organisations, fora and the private/business sectors to draw expertise and experiences and leverage resources to boost ECOTECH activities.
- The ECOTECH Sub-Committee of the SOM should be renamed as the SOM Committee on ECOTECH, retaining the acronym ESC, and with the original mandate.

Chapter 7

322. It is recommended that:

- Member economies, APEC fora and APEC Study Centre Consortium are invited to review the EAPs that have been prepared and to draw on the information and insight they contain.
- Economies may wish to consider the possibility of updating and improving their EAPs after the preliminary assessments.
- In order to respond to the direction from Leaders in Shanghai, the ESC should by SOM I in 2003 develop a work plan for assessing the pilot phase.
- ESC should promote the profile of EAP, in particular through the interactive facilities of the ECOTECH Clearing House.
- While the pilot phase of EAPs is focused on the theme of HRD in the first instance, the possibility of applying EAPs to other priority ECOTECH areas may be explored in the light of the experience gained and lessons learned from the pilot phase.

ANNEX 1

Terms of Reference of the ESC

TERMS OF REFERENCE OF THE SOM SUB-COMMITTEE FOR ECONOMIC AND TECHNICAL COOPERATION

A. BACKGROUND

1. SOM has been mandated by Leaders to manage and coordinate the APEC Economic and Technical Cooperation (ECOTECH) agenda. In Vancouver, Ministers have committed to further strengthen economic and technical cooperation in APEC by fully implementing the *Framework for Strengthening Economic Cooperation and Development*, which was agreed on in Manila. In this connection, Ministers endorsed the proposal by Senior Officials to establish a SOM Sub-Committee for Economic and Technical Cooperation.
2. The SOM Sub-Committee will assist the SOM in coordinating and managing APEC's ECOTECH agenda, as well as identifying value-added initiatives for cooperative action.

B. OBJECTIVES

3. The main objective of the SOM Sub-Committee is to advance more effective implementation of the APEC's ECOTECH agenda by consulting with and integrating the efforts of various APEC fora through a results-oriented, outcomes-based approach which benefits all member economies; providing a policy management tool for strengthening and streamlining APEC's work; and providing guidance on possible actions which could be undertaken to achieve APEC ECOTECH goals, namely:
 - To attain sustainable growth and equitable development in the Asia-Pacific region;
 - To reduce economic disparities among APEC economies;
 - To improve the economic and social well-being of the people; and
 - To deepen the spirit of community in the Asia-Pacific.
4. The pursuit of the ECOTECH goals through concrete projects will take into consideration members' diverse and complementary capabilities and guided by the principles of :
 - Mutual respect and equality;
 - Mutual benefit and assistance;
 - Constructive and genuine partnership; and
 - Consensus building.
5. The SOM Sub-Committee will serve as a forum to discuss, formulate as well as coordinate action oriented integrated strategies in consultation with existing APEC groups and the business community, as necessary to implement the *APEC Framework for Strengthening Economic Cooperation and Development* which has identified the following six priority themes:

- Develop human capital
- Develop stable, safe and efficient capital markets
- Strengthen economic infrastructure
- Harness technologies for the future
- Safeguard the quality of life through environmentally sound growth
- Develop and strengthen the dynamism of SMEs

Activities

6. The SOM Sub-Committee will :

- Report to SOM on its proposed work program and assist the SOM to effectively implement the *1996 Framework for Strengthening Economic Cooperation and Development*. In so doing, the SOM Sub-Committee shall ensure that all the elements of the Framework are developed.
- Review progress of APEC activities towards achieving APEC ECOTECH goals.
- Identify and recommend for Senior Officials' consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals taking into account the economic situation, requirements and capacities of all member economies.
- Examine and evaluate ECOTECH programs and activities and recommend to Senior Officials means to achieve visible, targeted and result-oriented deliverables to address member economies priorities.
- Assist the SOM to improve the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees, with a view to improving the identification and coordination of new cross-cutting issues.
- Evaluate proposals to include new priority areas within the *Framework for Strengthening Economic Cooperation and Development*.
- Encourage active participation of the private sector in the activities of economic and technical cooperation. Consider the recommendations of ABAC regarding the process of economic and technical cooperation in APEC.
- Undertake ECOTECH-related tasks as directed by Senior Officials.

C. ORGANISATION AND OPERATION

7. A Chairperson will be appointed who will be devoted to meeting the objectives of the SOM Sub-Committee.
8. A Vice-Chairperson(s) will be appointed to assist the Chair in managing the tasks and work program of the SOM Sub-Committee.
9. The Chairperson and Vice Chairperson(s) will serve for a term of two years.
10. Membership of the SOM Sub-Committee will be open to all economies.

11. The SOM Sub-Committee shall meet regularly.
12. The SOM Sub-Committee would report regularly to the SOM.
13. The operation and effectiveness of the SOM Sub-Committee will be reviewed at the end of a 2-year term.

ANNEX 2

ESC's 2002 Work Program

ECOTECH SUB-COMMITTEE OF THE SOM

2002 WORK PROGRAM

The mission of the ECOTECH Sub-Committee of the SOM (ESC) is to assist the SOM in coordinating and managing APEC's ECOTECH agenda and identifying value-added initiatives for cooperative action. The ESC seeks to advance effective implementation of that objective this year by:

- I. Reporting on progress and outcomes of key directives of APEC Leaders and Ministers
 - Review of the mandate and role of the ESC
 - Implementation of Part II of the Osaka Action Plan
 - Human Capacity Building
 - Human Capacity Building Strategy
 - Beijing Initiative (APEC HCB Promotion Program)
 - Kuala Lumpur Skills Development Action Program
 - ECOTECH Action Plans (EAP)
 - Agenda for Science & Technology Industry Cooperation (ASTIC)
 - SME Integrated Plan of Action (SPAN)
 - APEC Food System (AFS)

- II. Coordination and Management
 - Enhancing coordination among APEC Working Groups on cross-cutting issues
 - Assessing usage of the ECOTECH Weightings Matrix
 - Assessing usage of the ECOTECH Clearing House website
 - Incorporating gender mainstreaming practices
 - Learning from experience by assessment of ECOTECH activities and outcomes

- III. Outreach to the Broader Community
 - 2002 SOM Report on Economic and Technical Cooperation
 - Publicising key outcomes of ECOTECH activities
 - Coordinating with the APEC Secretariat on ECOTECH outreach programs.
 - Establishing a network and partnership among key stakeholders
 - Interacting with bilateral, regional, and international organisations and financial institutions with a view to fostering cooperation, broadening support, and leveraging financial resources to boost ECOTECH activities.

ANNEX 3

Number of Projects Conducted by APEC Fora Under Each ECOTECH Theme

NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2002 UNDER EACH ECOTECH PRIORITY THEME

APEC Forum	ATC	EWG	FWG	HRD	IST	MRC	SME	TEL	TWG	TP	TPT	CTI	EC	FIN	SOM	TOTAL
Priority Theme																
Developing Human Capital	4	1	1	19	1	-	1	5	1	1	7	30	-	-	4	75
Fostering safe, efficient capital markets	-	-	-	-	-	-	-	-	-	-	-	5	1	5	-	11
Strengthening economic infrastructure	-	4	-	-	-	1	-	2	-	-	-	3	1	-	0	11
Harnessing technologies for the future	-	4	-	-	4	2	-	2	-	-	1	1	-	-	1	15
Promoting environmentally sustainable development	1	4	1	-	-	2	-	-	-	-	-	-	-	-	-	8
Encouraging the growth of small and medium-sized enterprises	-	-	-	-	1	-	2	-	-	2	-	1	-	-	2	8
Total	5	13	2	19	6	5	3	9	1	3	8	40	2	5	7	128

ANNEX 4

Types of ECOTECH Activities

Conducted by APEC Fora

**SUMMARY OF THE TYPES OF ECOTECH PROJECTS
CONDUCTED BY APEC FORA IN 2002**

APEC Forum	ATC	EWG	FWG	HRD	IST	MRC	SME	TEL	TWG	TP	TPT	CTI	EC	FIN	SOM	TOTAL
Type of Activity																
<i>Survey/Study/Report</i>	-	5	1	2	-	1	-	5	-	1	4	7	1	-	2	29
<i>Workshop/Seminar</i>	4	4	-	4	4	3	1	-	-	1	-	16	1	2	4	44
<i>Training</i>	1	2	1	8	1	-	1	1	1	-	4	12	-	3	1	36
<i>Standards/Best Practice</i>	-	-	-	2	-	1	-	2	-	-	-	-	-	-	-	5
<i>Database/Website/ Network</i>	-	1	-	3	1	-	1	1	-	1	-	5	-	-	-	13
<i>APEC Centre/ Exposition</i>	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
TOTAL	5	13	2	19	6	5	3	9	1	3	8	40	2	5	7	128

ANNEX 5

ESC's Role and Mandate

Paper by New Zealand

ESC ROLE AND MANDATE

Executive Summary

This paper examines the role and mandate of the ECOTECH Sub-Committee (ESC), 4 years after its establishment, and asks whether it needs to change.

The ESC is a sub-committee of the SOM, charged with assisting the SOM to manage and coordinate the ECOTECH agenda. The ESC's mandate is very wide, but its powers are recommendatory only. A shared understanding of what is meant by "ECOTECH" is essential to understanding the ESC's role. The OAA and the ESC's Terms of Reference suggest a wide definition (the full universe of ECOTECH activities, including under Part 1 of the OAA), but there are examples of a narrower definition (activities set out in Part 2 of the OAA and funded from the Operational Account) being assumed in practice.

Views are divided as to whether the ESC at present has a higher or lower status than committees. The evidence is not clear-cut, but there is a case for re-naming it as an ECOTECH Committee to reduce confusion.

The ESC was given its role and mandate to meet concern over the coordination of an increasing number of ECOTECH activities, disconnected from a sense of results being pursued or achieved. This concern has not abated, and is indeed voiced regularly. All further instructions given to the ESC by Leaders, Ministers and Senior Officials (SOM) have been consistent with the ESC's Terms of Reference as originally drafted, and have tended to emphasise the core objective of the ESC: a coordinated, action-oriented ECOTECH agenda. This suggests a need to implement the existing mandate, not change it.

There have been some changes in the APEC environment since the ESC's establishment, in particular the launch of a new WTO round, and the prominence of key cross cutting themes such as human capacity building, the new economy and gender integration. The ESC's mandate appears sufficiently broad and flexible to embrace this evolving context. The ESC has made progress towards the achievement of its expressed objectives, but has also encountered challenges which it could further examine in accordance with its current mandate if it chose to do so. The ESC's mandate does not restrict its activity in areas where it may be desirable for the ESC to have a role, but that role is limited to providing reporting or recommendations to SOM.

It emerges from this study that, more important than the mandate is the question of how that mandate is implemented, and the tools and resources needed to implement it. Many of the perceived shortcomings of the ESC are not due to an inadequate mandate, but to inadequate implementation of the mandate. The ESC has a very wide mandate to consider, analyse and report on ECOTECH issues, including the issues referred to below. The report suggests a number of areas for consideration with a view to making appropriate recommendations to SOM.

Introduction

Paragraph 20 of the summary record from the third ECOTECH Sub-Committee (ESC) meeting in Dalian in 2001 recorded that:

The ESC decided against having a separate 'Conclusions' chapter that would be forward looking as the ESC's future role had not been considered during the year. New Zealand agreed to coordinate discussion intersessionally among interested members on the role and mandate of the ESC, with a view to preparing a draft paper for consideration at the ESC meeting in February 2002.

2. The associated action on New Zealand was to:

Prepare a paper in consultation with interested members on the role and mandate of the ESC.

3. The leadership, co-ordination, and profile of ECOTECH also received considerable attention at the APEC Leaders' Meeting and Joint Ministerial Meeting in Shanghai. Ministers (paragraph 32) "directed Senior Officials to review the function and mandate of the ESC with a view to making recommendations to the next Ministerial Meeting on any adjustments required to ensure the most effective possible leadership and co-ordination of APEC's ECOTECH work". In terms of the conduct of ECOTECH work, Ministers (paragraph 31) "recognized the need for APEC to interact with bilateral, regional, and international organizations and financial institutions..." For their part, in the Shanghai Accord Leaders welcomed the ESC review in the context of "the importance of substantially enhancing the profile of ECOTECH and improving the co-ordination and management of ECOTECH activities of all fora".

4. After consultation with ESC members, it was agreed that the ESC review consider the following issues:

- What is the ESC's current role and mandate?
- Why was the ESC given that role and mandate?
- What further instructions have there been to the ESC from Leaders, Ministers and SOM since its establishment in 1998?
- What changes in the APEC environment have there been since the ESC's establishment in 1998?
- What are the achievements of the ESC in relation to the expressed objectives, and what are the problems/obstacles faced?
- Is there anything in (or not in) the ESC's mandate which restricts its activity in areas where it may be desirable for the ESC to have a role?

5. As was pointed out in comments on Version 1 of this paper, the paper does not directly address the question of whether the ESC has "added value" in its work, and in which areas it has done so. These questions go beyond the mandate of this paper, but may need to be addressed as part of any ongoing work arising from the review.

What is the ESC's current role and mandate?

6. The ESC's Terms of Reference (TOR) were agreed by SOM in Penang in February 1998. They remain unchanged and are at Annex 1. They stem from the *Framework for Strengthening Economic Cooperation and Development*, agreed by Ministers in Manila in 1996. In summary, the ESC's over-arching role is to assist the SOM in coordinating and managing APEC's ECOTECH agenda. The particular types of activity envisaged include:

- **Examine** and **review** ECOTECH activity underway or completed
- **Identify** possible ECOTECH initiatives which could be undertaken in the future
- **Consult** with various APEC fora and the private sector on how to integrate effort and strengthen and streamline ECOTECH work
- **Encourage** participation of the private sector
- **Evaluate** proposals to include new ECOTECH themes in the 1996 *Framework*
- **Report** to SOM on any of the matters above, and **recommend** appropriate action
- **Undertake** ECOTECH-related tasks as directed by Senior Officials

7. The ESC's mandate is very wide - there is virtually no limit to the extent to which it can consider, analyse and report on ECOTECH issues. The ESC can interact with all APEC fora, including committees and working groups. The ESC's role is to **assist the SOM** to manage and coordinate the ECOTECH agenda; it is not the ESC's role to manage and coordinate ECOTECH in its own right. (In a similar way, other fora such as the CTI and EC revert to SOM on important issues.) Rather than articulating a narrow list of actions for the ESC, the purpose of the mandate seems to be to ensure that SOM is provided with appropriate recommendations on a very wide field of ECOTECH issues.

TILF, ECOTECH and the ESC

8. To understand the breadth of the mandate, it is important to understand what is meant by ECOTECH, which in turn requires consideration of the relationship between TILF and ECOTECH. A review of past documents and reports suggests the need for clarification:

- Do we mean all economic and technical cooperation work undertaken under the APEC umbrella (the broad definition)? or
- Do we mean only that work which flows from Part 2 of the Osaka Action Agenda (OAA), and which is generally funded by the Operational Account (the narrow definition)?

9. Clarity on the scope of ECOTECH has a critical bearing on how overall leadership in ECOTECH is exercised. If ECOTECH includes relevant work under TILF (the broad definition), that has implications for how the ESC does its work and how it seeks to interact, say, with the CTI in order to ensure a coherent and unified approach.

10. There have been mixed signals on this fundamental issue. The historical documents support a view of ECOTECH that includes all channels (the broad definition). For example the first footnote to OAA Part 1 notes that "the economic and technical

cooperation” dealt with here is that which directly supports liberalisation and facilitation; the first footnote to the OAA Part 2 notes that “economic and technical cooperation which directly supports trade and investment liberalisation and facilitation” is mainly dealt with in Part One”. Similarly, the ESC’s TOR consistently refers to ECOTECH activity carried out by “APEC fora, including working groups”. This suggests that committees such as the CTI undertake ECOTECH work under Part 1 of the OAA in addition to the ECOTECH work undertaken by sectoral working groups under Part 2 OAA. In support of these historical documents:

- Many APEC reporting documents have pointed out that there are ECOTECH activities that either directly support the trade and investment objectives of Part 1 of the OAA, as well as other priorities, such as Finance Ministers initiatives, that are not treated in either section of the OAA; and
- Most of the annual reports of the ESC contain information about the economic and technical cooperation activities that support the six Manila themes, regardless of funding source. The 2001 report, for example, points out that out of a total of 148 projects contributing to the Manila themes, 47% were funded from the TILF account. The presentation in the 2000 report is less clear on this point—it refers to the ECOTECH budget as being \$2 million, which corresponds to the Operational Account. It later, however, points out that the CTI initiates activities which support the six broad Manila ECOTECH themes.

11. Despite the broad characterisation of ECOTECH in the OAA and ESC’s TOR, a more limited definition is sometimes applied in practice. Examples of use of the narrow definition include:

- The basic metaphor of three pillars, of which one is ECOTECH, which gives the impression that ECOTECH is a separate activity from TILF.
- Classification of projects seems driven by funding source. Operational Account projects are considered to be ECOTECH, while the TILF Account funds TILF projects.
- The heading in the OAA: Part 1 is “Liberalisation and Facilitation”; Part 2 is “Economic and Technical Cooperation” (arguably, not much should be read into headings used as a convenient shorthand, as the footnotes referred to in paragraph 9 above clarify what is actually meant).
- The OAA update for Part 1 was done by the CTI, while Part 2 was overseen by the ESC, which made no contribution to the ECOTECH dimensions of the Part 1 update.

12. Comments received on Version 1 of this paper disclose differing views of what is meant by “ECOTECH”. Canada felt that the “easy and reflexive” answer is that the broad definition applies, but noted that “as a practical matter, the ESC has had almost no direct contact or influence on the TILF agenda”. The United States also seem to favour the broad definition, noting that “the question appears to be answered in the Shanghai Accord, which cites the importance of coordination and management of the ECOTECH activities of all fora”. Malaysia characterised ECOTECH “in its simple form is an approach on the sharing of resources (knowledge, infrastructure and expertise), from those who ‘have’ these resources in order to help train and build the capacity of those who ‘have not’”.

13. It is important to have a shared understanding of what is meant by ECOTECH, and it is proposed that ESC and SOM make clear that ESC is concerned with all economic and technical cooperation work undertaken under the APEC umbrella.

Why was the ESC given that role and mandate?

14. SOM's intention in setting up the ESC is captured in the summary record of the ESC's inaugural meeting in Singapore in April 1998.

... the role of the SOM Subcommittee on ECOTECH is to assist SOM in coordinating and managing the ECOTECH agenda of APEC. This should take the form of review and consultation to ensure that ECOTECH activities meet the needs of APEC constituents. If need be, bold and innovative approaches producing results should be explored. The Subcommittee would assume an important role in drawing out focused discussion on ECOTECH work and help SOM to deliver a credible package of ECOTECH work each year particularly on the ECOTECH priorities.

15. A review of the context in which the ESC was established provides an insight into the reasons for its establishment. An important part of that context was the rapid growth of ECOTECH activity, as demonstrated in the following table.

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
No. of activities	4	4	8	49	74	N/A	274	250	220	148

16. A timeline recording the various discussions and decisions leading to the ESC's establishment is set out in **Attachment A**. The principal theme running through all discussions was the concern to ensure **coherence, coordination and clear results** in APEC's increasing number of ECOTECH activities. The decision in 1996 to express the six Manila ECOTECH themes reflected the same desire for a clearer and results-oriented framework for APEC's ECOTECH activities.

What further instructions have there been to the ESC since its establishment in 1998?

17. This section explores whether there have been any specific directions given to the ESC since its establishment which should be reflected in its mandate. The subsequent section looks at whether there have been any other general developments in APEC since the ESC's establishment which affect its work and should be reflected in its mandate.

18. **Leaders and Ministers** have referred to the ESC or its work on a number of times:

- Kuala Lumpur 1998: Ministers "welcomed the SOM 1998 Report on ECOTECH Activities, and called for the report to be submitted annually". Ministers further "commended the efforts of the [ESC] to improve coordination and management and ensure focused outcomes". Leaders "instruct(ed) Ministers to give further focus to strengthen coordination in ECOTECH activities and intensify work in the priority areas".

- Auckland 1999: Leaders “direct(ed) Ministers to give special attention in the coming year to improving effective and coordinated delivery of APEC’s ECOTECH and capacity building programmes, in accordance with the Manila Declaration”.
- Bandar Seri Begawan 2000: Ministers “called for a more focused and intensified [ECOTECH] action agenda”, and recognised “the need to improve project coordination”.
- Shanghai 2001: Leaders “recognise(d) the importance of substantially enhancing the profile of ECOTECH and improving the coordination and management of ECOTECH activities of all fora”. Ministers noted that “Since its inception, [the ESC] has played a significant role in managing and coordinating ECOTECH activities to ensure a more effective and action-oriented agenda”. In the Shanghai Accord, Leaders “underscore[d] that TILF and ECOTECH should be mutually reinforcing.”

19. A three-year **Management Review of APEC** was conducted from 1998-2000. The aim was to streamline the APEC process and make it more focused and effective, in light of an increasing number of APEC fora and meetings/events. Some of the recommendations from the Management Review are relevant to the ESC’s role.

- The SOM Chair’s 1998 Report on the Management Review recommended that two fora (Trade and Investment Data Working Group, and Small Group on Information Gathering) be dissolved. Other APEC fora were asked to undertake a self-review of their mandates, using a set of common agreed guidelines. In 1999 all fora completed self-reviews, including the ESC.
- In its 1999 Report on the Management Review, SOM asked the ESC to consider how it might fill a perceived gap in APEC’s machinery for evaluating the substantive content of project proposals seeking funding and originating in working groups. The Report noted that projects originating in CTI sub-fora require the approval of the CTI itself before being submitted to the BMC, but there was no equivalent process for projects originating in non-CTI fora such as working groups. It was necessary to fill this gap “to ensure that ECOTECH project proposals are of a high quality, results-oriented, add maximum value, and enjoy wide participation”. Two possibilities were identified: a matrix to assess and evaluate ECOTECH project proposals; and a requirement for fora to report directly to the ESC on the implementation of ECOTECH elements of their work programmes.
- In its 2000 (and final) Report on the Management Review, SOM endorsed the *ECOTECH Weighting Matrix*, and *Guidance on Strengthening the Management of APEC ECOTECH Activities*.

20. All of the above references are consistent with the ESC’s Terms of Reference as originally drafted (not a surprising conclusion given the breadth of the mandate which includes a requirement to “undertake ECOTECH-related tasks as directed by Senior Officials”). The instructions from Leaders and Ministers disclose an ongoing concern with the **coordination and quality** of APEC’s ECOTECH work. The ESC’s mandate was specifically designed to address these issues. The comments suggest a need to **implement** the ESC’s mandate, not change it.

What changes in the APEC environment have there been since the ESC's establishment in 1998?

21. The purpose of this section is to consider whether the context in which the ESC operates has changed in the four years since the ESC's mandate was drafted, and if so whether this necessitates an amended mandate.

22. There have been several key developments since 1998 which affect the context in which the ESC operates:

- The recent decision at Doha to launch a new round of multilateral trade negotiations, which provides a specific context for APEC work aimed at strengthening the multilateral trading system, including through a variety of capacity building measures;
- The direction from Leaders that ECOTECH and TILF be mutually reinforcing;
- The trend to greater openness, wider participation in APEC's work, including the possibility of collaboration with bilateral, regional and international financial institutions;
- The emergence of the following key cross-cutting themes:
 - **Human Capacity Building.** Human resource development has been a major priority in APEC on which consensus has existed for some time. But in Leaders' 'Brunei Vision' in 2000, human resource development was largely subsumed by the new theme 'human capacity building', with a 'new economy' focus. For their part, Ministers instructed senior officials to prepare a human capacity building strategy. In 2001 the APEC High Level Meeting on Human Capacity Building (HLM) produced the visionary 'Beijing Initiative', with a number of concrete projects following including the Human Capacity Building Promotion Programme, APEC Cyber Education Cooperation Consortium, and the APEC Digital Opportunity Initiative.
 - **New Economy.** Included in Leaders' 'Brunei Vision' was the need to capture the full economic and social benefits of the emerging new economy. In response, in 2001 the Economic Committee completed a report on *The New Economy and APEC*. New economy issues are cross-cutting, with APEC's work in this area including human capacity building for the new economy, development of an e-APEC Strategy and promotion and coordination of e-commerce related activities.
 - **Gender Integration.** Leaders in 1997 directed APEC to "take specific steps to reinforce the important role of women in economic development". Following the recommendation of the Ministerial Meeting on Women in 1998, a *Framework for the Integration of Women in APEC* was developed. An Ad-hoc Advisory Group on Gender Integration assisted with the implementation of the Framework throughout 2000/2001, and a second Ministerial Meeting on Women is scheduled for 2002. Gender integration has become a cross-cutting theme with relevance for all APEC's activity.

23. Some members have wondered whether these key developments should provide a new focus for APEC's ECOTECH agenda (in their comments on Version 1 of this paper, the United States suggested that Leaders have already signaled the answer to this question in the Shanghai Accord when they agreed "... that the OAA should be broadened to reflect fundamental changes in the global economy..."). If so, does the ESC's mandate need to be changed to reflect this? The TOR specifically provide for the emergence of new key themes. Paragraph 5 mandates the ESC to "evaluate proposals to included new priority areas within the *Framework for Strengthening Economic*

Cooperation and Development'. Therefore if an economy felt that, for example, HCB was not adequately covered by the six priority themes currently set out in the *Framework*, the ESC is specifically mandated to evaluate a proposal to add HCB to the six themes.

24. If a new theme was added to the *Framework*, the ESC would need to consider whether to amend its mandate accordingly (the six priority themes are reproduced in the ESC's TOR). Other issues would also need to be considered, such as whether the new theme should be reflected in the Secretariat's Projects Database.

What are the achievements of the ESC in relation to the expressed objectives, and what are the problems/obstacles faced?

25. The table at **Attachment B** sets out some of the achievements of the ESC, and the challenges faced, against its job description as set out in paragraph 5 of the Terms of Reference. It is apparent that the ESC has made progress towards the achievement of its expressed objectives, but has also encountered challenges which it could further examine in accordance with its current mandate if it chose to do so. Some economies argue that many of the challenges identified in the table are due to lack of authority or status on the part of the ESC.

26. As noted in paragraph 6, the ESC's primary role as a sub-committee of the SOM is to **assist SOM** in its management of the ECOTECH agenda: the ESC is not required to manage it on its own account. Some ESC members argue that the fact that the ESC only has recommendatory (rather than decision making) powers is an impediment to effective management of ECOTECH, suggesting instead that the ESC be designated as a Committee in charge of the working groups. In that case, ECOTECH relating to Part 1 of the OAA would be managed by the CTI (as it currently is), and ECOTECH relating to Part 2 would be managed by the ECOTECH Committee. Fora would report directly to the relevant committee. This might also resolve the potential problem identified above of the ESC's lack of authority to evaluate project proposals and the application of the ECOTECH Weightings Matrix prior to submission to the BMC.

27. Other economies have suggested that the ESC is of a higher status as a sub-committee of the SOM, with some members represented by senior officials. Being a sub-committee of the SOM enables the ESC to maintain a very broad oversight of all ECOTECH activity, including the ECOTECH aspects of projects being carried out by CTI sub-fora under Part 1 of the OAA. This is particularly advantageous for cross-cutting initiatives such as sustainable development and gender integration. Becoming a committee also would not necessarily mean that decisions could be made without reference to SOM - both the CTI and EC revert to SOM with recommendations on important issues, rather than taking decisions alone. Given the level at which most economies are currently represented on the ESC, it is likely that SOM would wish to continue to take major decisions regardless of whether ESC becomes a committee.

28. The ESC does not have to change its mandate to consider issues such as the most effective institutional structure for advancing ECOTECH. One of its mandated tasks is to "identify and recommend for Senior Officials' consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals": this could encompass a discussion of the issues raised in this section, with a view to making recommendations to SOM. It may be that designation as a Sub-committee of SOM causes confusion over the status of ESC. This could be resolved by renaming it the ECOTECH Committee. In their comments to Version 1 of this paper, Australia suggested that renaming would remove an inconsistency in the APEC organisation structure, standardise nomenclature and

have a positive effect on the way in which the ESC is seen both within APEC and by outside parties.

Is there anything in (or not in) the ESC's mandate which restricts its activity in areas where it may be desirable for the ESC to have a role?

29. Some members have expressed concern that the ESC is failing to take up a role in some areas of APEC activity related to ECOTECH, where they feel it would be desirable for the ESC to have a role. This section of the paper will consider whether changing the mandate of the ESC is required for it to carry out such work. As several members have pointed out, consideration of an expanded or intensified role for the ESC needs to recognise the constraints on resources (both expertise and financial) under which it operates. It would not be realistic to expect scaled-up activity without additional resources being made available either collectively or by individual members.

30. ESC members have suggested the following areas of enquiry as particularly relevant:

- Organisation of the ECOTECH agenda
- Strengthening outreach and engagement with other organisations
- The APEC project cycle
- Roles of other APEC bodies in connection with ECOTECH and the ESC
- Working Groups
- Committees (CTI, EC)
- BMC
- Small groups on evaluation
- Secretariat
- Compliance burdens
- Complementarity of ECOTECH and TILF
- Profile of ECOTECH.

Organisation of the ECOTECH Agenda

31. An impressive array of cooperative work straddling a broad sectoral agenda is undertaken under the umbrella of ECOTECH. Currently ECOTECH activities can be (and are) categorised in a number of different ways, including in accordance with the various categories in Parts 1 and 2 of the Osaka Action Agenda, the various themes in the Manila Declaration, and the various key ECOTECH initiatives. These sources alone offer at least 47 possible categories of ECOTECH activity (and are summarised in **Attachment C**).

32. There are advantages in maintaining a wide-ranging menu of ECOTECH activity: the opportunity for cooperative policy development and sharing experience are the indispensable building blocks of the relationships and common purpose that underpin the APEC community. But a significant disadvantage of casting the ECOTECH net too widely is the potential for its agenda to become incoherent and fragmented. The

multiplicity of fora, initiatives and priorities has meant that ECOTECH activities are thematically diffuse, and are not readily amenable to producing outcomes that have a measurable impact on public well being. In addition, the financial resources available within APEC for ECOTECH are limited and not likely to increase—a maximum of about US\$6 million (consisting of a total of US\$2 million annually from the Operational Account, and about US\$4 million from the TILF account if all of TILF were considered available for ECOTECH).

33. In its Second Policy Report (October 2001), APIAN suggested that ECOTECH activities require thorough reorganisation:

As we urged in our first Policy Report, the vast lists of ideas, goals and projects loosely grouped under the ECOTECH umbrella need to be reviewed and reduced to a more manageable set of coherent programs. A select number of capacity-building activities that have been found to be successful on a small scale should be scaled up and replicated. We endorse the recommendations of Zhang Yunling and Peter Drysdale that such an ECOTECH review process follow SMART guidelines: that approved projects be strategic, measurable, achievable, realistic and time bound.

34. APEC has indeed not yet responded fully to the frequent calls for a less diffuse, more results-oriented set of economic and technical cooperation activities. This is a formidable task in light of the broad array of thematic and sectoral priorities that have been mandated and the many fora that are engaged in relevant work. While overall priorities for APEC have been set by Leaders and Ministers, it may be possible to establish a shorter list of priorities for APEC funding, and to direct resources to those issues. As Canada noted in their comments to Version 1 of this paper, the implications of a more focussed approach (such as a reduction in the number of projects), and the ways to accomplish it operationally, would need to be discussed fully by the ESC. An effort for a more integrated approach implies the broad definition of ECOTECH (TILF-related as well as non-TILF).

35. A review by the ESC of the ECOTECH agenda with a view to distilling a shorter list of key priorities would be consistent with its mandate: “the main objective of the SOM Sub-Committee is to advance more effective implementation of APEC’s ECOTECH agenda by consulting with and integrating the efforts of various APEC fora ... [and] providing a policy management tool for strengthening and streamlining APEC’s work” (paragraph 3).

Strengthening outreach and engagement with other organisations

36. Outreach and engagement with the community is an important cross-cutting theme in APEC. In 2001 Ministers and Senior Officials endorsed the development of a communications strategy to guide future communication and outreach efforts, and the Secretariat is in the process of implementing the strategy.

37. Greater engagement with other organisations has particular value in the ECOTECH context, as a way to lever resources and broaden participation. In its 2001 Policy Report, APIAN “urge[d] greater inclusion of the Asian Development Bank and the private sector in ECOTECH deliberations and funding”. In Shanghai Ministers “recognised the need for APEC to interact with bilateral, regional, and international organisations and financial institutions with a view to fostering cooperation, broadening support and leveraging financial resources to boost ECOTECH activities” (paragraph 31). Some economies have suggested that the ESC, in its role of ECOTECH leader and

coordinator, should help to ensure that this need is met, for example by providing a vehicle for dialogue with other institutions.

38. Paragraph 5 of the ESC's TOR mandates the following tasks:

- "Identify and recommend for Senior Officials consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals". One such goal is "to deepen the spirit of community in the Asia-Pacific"
- "Encourage active participation of the private sector in the activities of economic and technical cooperation"

39. It is clearly within the ESC's mandate to investigate means to strengthen outreach and engagement with other organisations on ECOTECH matters, and take action to "encourage" participation. Whether it does so is a matter for the ESC in its operation.

The APEC project cycle

40. The ESC has no direct involvement with the project cycle, from early inception to final evaluation. A specific example of this has already been mentioned: the inability of the ESC to 'vet' project proposals and apply the ECOTECH Weightings Matrix prior to submission to BMC (see paragraph 26). Some economies have suggested that it is difficult for the ESC to provide leadership on ECOTECH when it has no direct involvement in the cycle of ECOTECH projects.

41. Is this lack of involvement due to limitations in the ESC's mandate? In a literal sense, the answer is "yes": clearly the ESC would exceed its mandate if it inserted itself into a formal vetting role in the project cycle; the ESC's role is to **assist SOM** in its management of the ECOTECH agenda, not manage it on its own account. But there is nothing to stop the ESC recommending to senior officials that it be given greater involvement in the project cycle: this would be in accordance with paragraph 5 of its TOR which requires the ESC to "examine and evaluate ECOTECH programmes and activities and recommend to Senior Officials means to achieve visible, targeted and result-oriented deliverables to address member economies priorities". In making such a recommendation, the ESC would need to be clear about the increase of resources (expertise and capacity) required.

42. Roles of other APEC bodies in connection with ECOTECH and the ESC

- **Working groups.** Working Groups which submit an ECOTECH project to the BMC for funding are required to complete the ECOTECH Weightings Matrix. Working Groups report directly to the SOM at Joint Fora Meetings. Working Groups do not report to the ESC.

Some members have suggested that the ESC would be better equipped to carry out its task of coordinating ECOTECH work programs and activities if working groups reported directly to the ESC. In other words the ESC's role would not be simply to 'report to' and 'assist' SOM on ECOTECH activity, but also to 'manage'. As with the CTI, such management would not encompass the development of activities (which is the job of experts in the working groups), but coordination of APEC objectives across working groups, particularly on cross-cutting issues. For similar reasons the idea was floated in early 2001 for ESC members to 'adopt' a working group and follow the

chosen working group's activities more closely, by attending meetings and/or receiving the communications of that group (this idea was in fact adopted for the purposes of updating OAA Part 2).

China, in their comments on Version 1 of this paper, suggested that the ESC should have direct oversight responsibility of ECOTECH projects and a closer working relationship with other fora on ECOTECH issues. Other members have expressed concern at the resource implications of such a change, and point out the need to consult with the Working Groups.

- **Committees (CTI, EC).** While the main focus of the CTI is on the TILF agenda, as Leaders recognised in Shanghai “TILF and ECOTECH should be mutually reinforcing”. It is unavoidable (and desirable) for the CTI to contribute in a substantive way to the ECOTECH agenda. It does so principally through the wide range of activities and projects that it oversees each year, many of which respond to at least one of the six ECOTECH themes. Project proposals arising from Part 1 of the OAA, including those relevant to ECOTECH themes, must be endorsed by the CTI before they can be submitted to the BMC for funding. (The issue of whether the ESC should have a similar role is dealt with in paragraph 24 above.) Much of the Economic Committee’s work in analysing the changing economic conditions in the APEC region is also relevant to the ECOTECH themes. Recognising that ECOTECH includes both Parts 1 and 2 of the OAA (and in a useful exercise of consolidation), the ESC notes any ECOTECH-related activity of the EC and CTI in its annual report.

The ESC’s formal role with respect to the EC and CTI is the same as its role with respect to any APEC fora: the mandate does not discriminate. For example paragraph 5 of its TOR requires the ESC to “assist the SOM to improve the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees...”.

- **BMC.** The BMC must consider the ECOTECH Weightings Matrix when assessing ECOTECH project proposals for funding. At the completion of projects, the BMC monitors evaluation reports. The ESC (and the CTI and EC) have no formal role in the BMC. The attendance of the ESC Chair at BMC was considered in 2000. But it was argued that such attendance might undermine the nature of BMC as a “non-advocatory member driven meeting, separate from the regular APEC process”. A number of other potentially difficult issues with the proposal include: a problem of perception for working groups if Lead Shepherds were not also attending; overlap with the role of the Joint Fora meeting; and ambiguity as to whether the Chair would be attending in a personal capacity or conveying conclusions of the ESC.
- **Small groups on evaluation.** The small group process of evaluation requires a report on a number of relevant ECOTECH issues, including: how the project advanced the ECOTECH priorities contained in the Manila Framework for Strengthening Economic Cooperation and Development; participation of the business/private sector; participation of other fora, including a description of how work was coordinated between fora; and how the project complemented or overlapped with the work of others.
- **Secretariat.** The Secretariat does not generate any projects, although Program Directors do provide comments on project proposals. The Secretariat’s role with regard to the ESC is to provide guidance on policy and administrative matters, and to draft the ESC’s annual report.

43. If the ESC is to provide leadership and coordination of ECOTECH activities, it has to do so in association with the above bodies. Given that role, some economies wondered whether the ESC's current relationships with those bodies is optimal.

44. There is nothing in the ESC's TOR to prevent it from reviewing its role with working groups and other fora, and making appropriate recommendations to SOM - in fact the TOR require such an enquiry: "the main objective of the SOM Sub-Committee is to advance more effective implementation of the APEC's ECOTECH agenda by consulting with and integrating the efforts of various APEC fora" (paragraph 3).

Compliance burdens

45. This issue is related to the issue discussed above. As the ESC has no formal role in the project cycle or direct control over APEC bodies carrying on ECOTECH-related work, it is to some extent reliant on reporting from fora for the information to do its job (such as assess achievement of ECOTECH goals). For example in its 2001 report the ESC recommended that working groups "provide an annual report on the implementation of Part 2 of the OAA, so that progress can be monitored". The Secretariat and the BMC also require reports from APEC fora on a variety of issues.

46. Some fora, such as the ISTWG, TELWG and TPTWG, have identified increasing compliance burdens as a serious problem, which could lead to difficulties in attracting new Lead Shepherds.

47. Is the ESC able to address the issue of compliance burdens on fora under its current mandate? According to paragraph 3 of the TOR, "the main objective of the SOM Sub-Committee is to advance more effective implementation of the APEC's ECOTECH agenda by... providing a policy management tool for strengthening and streamlining APEC's work ...". This provides the ESC with a mandate to review compliance burdens on fora, and if necessary recommend to SOM ways of reducing that burden, for example by streamlining and rationalising reporting requirements. Issues such as the lack of feedback to fora on how their reporting is used can also be examined.

48. The question of compliance burdens needs to be balanced against the necessity of adequate information for the ESC to do its job properly. Perhaps use of information needs to be specifically addressed at the same time that it is being requested.

Complementarity of ECOTECH and TILF

49. In Shanghai Leaders "underscore[d] that TILF and ECOTECH should be mutually reinforcing", and "call[ed] for efforts to this end to be further strengthened". Options for furthering the mutual reinforcement of ECOTECH and TILF could involve consideration by the ESC of a number of issues, including:

- Is it possible or desirable to develop a holistic view of APEC's ECOTECH activities, without a formal separation of activities by funding source (operational account or TILF account)?
- Should there be an integrated approach to programming ECOTECH so as to embrace both parts of the OAA, while still maintaining two funds?

- How can the ESC ensure that the ECOTECH agenda “directly support[s] trade and investment liberalisation and facilitation” as desired by Leaders in the Shanghai Accord?
- Should the ESC and CTI have some kind of formal contact to work out a common set of capacity building/technical cooperation objectives?

50. Does the ESC’s current mandate allow it to examine these types of issues if it wished to do so? According to paragraph 5 of its TOR, “the SOM Sub-Committee will serve as a forum to discuss, formulate as well as coordinate action oriented integrated strategies in consultation with existing APEC groups ...” The phrase “existing APEC groups” is wide, and could encompass formal consultation between the ESC and the CTI if both bodies decided to undertake it. Similarly, the ESC has a broad mandate to “identify and recommend for Senior Officials consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals”. This could encompass an enquiry into the other issues noted above.

Profile of ECOTECH

51. The issue of the “profile” and “status” of ECOTECH has arisen frequently over the past year, including in the Shanghai Accord where “Leaders recognise the importance of substantially enhancing the profile of ECOTECH”. Presumably the reference is to the perceived importance and impact of ECOTECH.

52. Although the volume and breadth of economic and technical cooperation activity is quite remarkable given the financial resources available, there are a number of factors that may contribute to the perceived low profile:

- Lack of a shared understanding as to whether ECOTECH embraces all parts of APEC work, or is limited to Part II of the OAA;
- A mismatch between resources and expectations. As Canada pointed out in their comments on Version 1 of this paper, the shared understanding has been that APEC economic and technical cooperation is not and should not strive to become a vehicle for resource transfers. The financial resources available within APEC for economic and technical cooperation are extremely limited and not likely to increase – at the maximum, about \$ 6 million. This consists of a total of \$2 million annually from the Operational Account, and a maximum of \$ 4 million from the TILF account, if all of TILF were considered available for economic and technical cooperation;
- The gradual narrowing of our understanding of ECOTECH to a focus on projects (in the past the lens was broader and included non-project mechanisms for policy dialogue, sharing experience and best practice, and sharing information). It is hard to convey a coherent message with a focus on a multitude of small projects. Returning to a wider view in which non-project mechanisms are understood as part of the technical cooperation story may provide higher level outcomes to draw upon;
- Classifying projects according to where the money comes from (TILF account as TILF, Operational Account as ECOTECH) confuses matters and reduces the scope for coherence;
- The multiplicity of fora, initiatives and priorities has meant that ECOTECH activities are thematically diffuse, and are not readily amenable to producing outcomes that have a measurable impact on public well being. The interplay of many fora, initiatives, and small projects may have served the purpose of weaving a web of

cooperative ties and shared understandings, especially within governments, across the APEC region. The corollary of this approach, however, has been the absence of focus and demonstrable results.

53. Many of these factors have already been touched upon in this paper, and as has been demonstrated it is within the ESC's role and mandate to address them with a view to making recommendations to SOM. The ESC's recommendatory role is particularly appropriate in relation to these issues, as addressing them requires strategic choices by SOM.

ATTACHMENT A

Timeline of Events Leading to the Establishment of the ESC	
JMM 1996	<p>Ministers “recognised the importance of strengthening economic and technical cooperation”, and endorsed the Declaration on an APEC Framework for Strengthening Economic Cooperation and Development (which gave us the six organising themes and priorities).</p> <p>Ministers also endorsed the recommendations of the Task Force on Management Issues. One of the Task Force’s recommendations was that a meeting of Committee Chairs, Lead Shepherds, the SOM Chair and APEC Secretariat (Joint Fora Meeting) be convened in early 1997 to discuss priorities for the year, including issues of coordination among APEC fora.</p>
SOM I 1997	<p>SOM discussed the best way of coordinating and managing APEC activities to implement the Framework, and agreed that “a special committee of the whole would be constituted on a temporary basis by the SOM Chair ... to manage this priority issue during 1997”. SOM further agreed that “long-term management of the issue will be addressed by SOM at a later day”.</p> <p>Referring to the upcoming Joint Fora Meeting, SOM noted that “it will allow the SOM Chair to convey SOM decisions to APEC Fora, and to ensure that their activities support the six [ECOTECH] themes”.</p>
Joint Fora Meeting	<p>First Joint Fora Meeting held in Singapore in February 1997. Joint Fora Meetings were subsequently held once every year at SOM I.</p>
SOM II 1997	<p>As part of SOM II the SOM Chair convened a meeting of the committee of the whole (COW), bringing together Senior Officials, Lead Shepherds, and the Chairs of other APEC fora. “Recognising the importance and urgency of developing effective and efficient machinery in APEC to coordinate and guide APEC’s economic and technical cooperation activities, the SOM agreed ... to return to this issue at SOM III”.</p>
SOM III 1997	<p>SOM considered the SOM Chair’s paper entitled “Implementation of APEC’s Economic and Technical Cooperation Agenda”, which outlined steps taken to improve the coordination of the ECOTECH agenda, including the first Joint Fora Meeting (February 1997) and the COW meeting of SOM II. Three options for managing APEC’s ECOTECH agenda were presented in the paper:</p> <ul style="list-style-type: none"> • SOM could continue as the coordinating body using a more “hands-on” approach; • the SOM COW could continue to review ECOTECH issues on an annual basis; and • an ECOTECH Committee (ETC) could be created. <p>After reviewing these options, “SOM agreed that while consensus had not yet been reached, there had been a favourable evolution of opinion ... towards a concrete mechanism for coordination, possibly through the establishment of an ETC”.</p>

JMM 1997	<p>Ministers endorsed SOM's recommendation to establish a SOM Subcommittee on Economic and Technical Cooperation. SOM's recommendations to Ministers noted:</p> <ul style="list-style-type: none"> • ESC would serve as a mechanism for coordinating and managing APEC's ECOTECH agenda, as well as "identifying value-added initiatives for cooperative action". • "The ESC's main objective would be to advance the ECOTECH agenda by integrating the efforts of various APEC fora through a results-oriented, outcomes based approach; providing a policy management tool for strengthening APEC's work; and providing guidance and possible actions which could be undertaken to address APEC priorities". • The ESC would have its own Chair, who would not necessarily be a Senior Official. • The ESC should meet regularly, and at least once a year in the COW format. • SOM would monitor the ESC's work, and "review its operation and effectiveness" in four years. • ESC would report regularly to SOM, covering: recommendations for result-oriented ways to implement the ECOTECH agenda; ways and means for improved coordination among APEC fora; and steps taken to achieve targeted, effected deliverables.
SOM I 1998	<p>SOM endorsed the ESC's terms of reference. Changes in the terms of reference from SOM's recommendations to Ministers included:</p> <ul style="list-style-type: none"> • The requirement to meet "regularly" remained, but there was no requirement to meet in the COW format. • The operation of the ESC was to be reviewed in two years (not four).
ESC I 1998	<p>The inaugural ESC meeting took place in Singapore in April 1998.</p> <p>Subsequently, three ESC meetings have been held each year in conjunction with SOMs I-III. The Chairs have been Ambassador Lozoya of Mexico (1998/1999) and Dr Medhi Krongkaew of Thailand (2000/2001). Ambassador Escala of Peru will be ESC Chair in 2002/2003.</p>

ATTACHMENT B

Task	Achievements and challenges
<p>Report to SOM on its proposed work program and assist the SOM to effectively implement the <i>1996 Framework for Strengthening Economic Cooperation and Development</i>. In so doing, the SOM Sub-Committee shall ensure that all the elements of the Framework are developed.</p>	<p>Work programs have been submitted every year. Common themes in all work programs include: identifying areas for intensified work; identifying gaps and potential duplication in cross-cutting initiatives; monitoring and evaluating implementation of the six priority themes; and enhancing the involvement of the private sector.</p> <p>Areas that have been picked out for particular emphasis include:</p> <ul style="list-style-type: none"> • 1998: HRD, and harnessing technologies for the future; • 1999: capacity building initiatives which contribute towards reinforcing foundations of sustainable growth; • 2000: communications and outreach; • 2001: human capacity building with respect to the new economy. <p>The ESC's work programs have been consistent with the 1996 Framework, with all elements of the Framework being developed to some degree.</p>
<p>Review progress of APEC activities towards achieving APEC ECOTECH goals.</p>	<p>The APEC ECOTECH goals stem from the OAA and MAPA, and are summarised in the ESC's Terms of Reference:</p> <ul style="list-style-type: none"> • To attain sustainable growth and equitable development in the Asia-Pacific region; • To reduce economic disparities among APEC economies; • To improve the economic and social well-being of the people; and • To deepen the spirit of community in the Asia-Pacific. <p>These goals are reflected in the various ECOTECH reporting mechanisms coordinated by the ESC. For example, the annual ECOTECH Report contains an Overview of APEC Activities in Sustainable Development. But there has been very little evaluation carried out by the ESC measuring progress towards these goals, for example by examining whether there has been a reduction in economic disparities within and between APEC economies (an example of such an evaluation is Australia's report "Open Economies Delivering to People").</p> <p>Given the significant resources and expertise that such an evaluation requires, it is a challenge for the ESC to become more analytical in reviewing progress towards the ECOTECH goals. If it is to move beyond simple reporting on activities that seem to relate to ECOTECH, the ESC may have to contract suitable expertise. As Australia pointed out in their comments on Version 1 of this paper, this option would have obvious resource implications for the ESC. It is discussed further below in the context of the ESC's evaluation of projects.</p>
<p>Identify and recommend for Senior Officials</p>	<p>Examples of specific initiatives led by the ESC include:</p>

<p>consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals taking into account the economic situation, requirements and capacities of all member economies.</p>	<ul style="list-style-type: none"> • ECOTECH Action Plans (EAPs), adopted in 2001 on a volunteer pilot basis for two years, enabled economies to report on their domestic and cooperative activities in the HRD area. The stated purposes of EAPs are to enhance cooperation in the pursuit of ECOTECH objectives, to add transparency and clarity to ECOTECH objectives, to advertise best practices, and to improve public awareness of ECOTECH. • The ECOTECH Clearing House, launched in 2000, was developed in response to the need to strengthen coordination and improve the effectiveness of ECOTECH. The Clearing House has improved the accessibility of ECOTECH information held by the Secretariat in its Projects Database. The “Information Xchange” allows individuals, fora or economies to enter into a dialogue, and can be used to develop ECOTECH projects in a cooperative way, effectively avoiding duplication. Although initial usage statistics are disappointing, the Clearing House has the potential to improve the coordination and quality of ECOTECH activity.
<p>Examine and evaluate ECOTECH programs and activities and recommend to Senior Officials means to achieve visible, targeted and result-oriented deliverables to address member economies priorities.</p>	<p>The sheer number of ECOTECH programs and activities make it difficult for the ESC to evaluate them in any depth. Rather, the ESC has adopted a statistical approach, recording in its annual report the breakdown of projects by theme and by type of activity. This is usually accompanied by some general advice to fora, for example to ensure projects are outcome-oriented.</p> <p>It is questionable whether the type of evaluation reported in the annual ECOTECH Report can achieve “visible, targeted and result-oriented deliverables to address member economy priorities”. The ESC may have the capacity to evaluate 15-20 projects a year with some degree of depth and usefulness, but not 150-200.</p> <p>In its 2001 Policy Report, APIAN suggested that the ESC use independent consultants to carry out this evaluation role:</p> <p><i>“... the ESC ... lacks sufficient authority, resources and tenure to realize fully its mission to critically examine and improve ECOTECH coherency and efficiency. The ESC should be empowered and financed to commission independent, objective assessments of the overall organisation of APEC’s economic and technical cooperation, the activities of the various working groups, and the outcomes of individual projects.”</i></p> <p>The need for expertise and resources to evaluate progress towards the ECOTECH goals was discussed above, and the same need exists for effective examination of ECOTECH programs and activities. But it is not a lack of “authority” or “tenure” on the part of the ESC which prevents the</p>

	<p>commissioning of independent expert evaluations. If the ESC decides that an independent evaluation would “achieve visible, targeted and result-oriented deliverables”, such a course can be “recommend(ed) to Senior Officials...” in accordance with this section of its mandate. In making such a recommendation, the ESC would need to take into account the resource implications of contracting independent evaluations.</p>
<p>Assist the SOM to improve the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees, with a view to improving the identification and coordination of new cross-cutting issues.</p>	<p>In 1998 the ESC produced for the benefit of APEC fora the <i>Guidance on Strengthening the Management of APEC ECOTECH Activities</i>. The ESC reports annually on implementation of these guidelines, and the 1999-2001 ECOTECH reports note general satisfaction. But the reports also express concern that not sufficient attention is being paid, when projects are being formulated, to the outcomes of the projects: how they actually relate to specific ECOTECH objectives and initiatives, and how the results can be used for outreach purposes.</p> <p>A potential obstacle is that the ESC does not have the authority to assess project proposals against the agreed guidelines. Working group project proposals (Part 2 OAA) do not require ESC endorsement before being submitted to the BMC for funding (unlike the CTI’s authority over project proposals under Part 1 OAA). The ESC can only provide feedback on a project’s consistency with the guidelines retrospectively. Similarly, the ECOTECH Weightings Matrix was designed by the ESC to assist the BMC to rank project proposals - but the ESC itself has no role in the application of the Matrix, except any retrospective comments that it might like to make in its annual report (for the reasons discussed in paragraph 40, the ESC (and CTI/EC) do not have a formal role in the BMC).</p> <p>Australia suggested in their comments on Version 1 of this paper that the introduction of EAPs and the ECOTECH Clearing House could also be considered examples of monitoring mechanisms.</p>
<p>Evaluate proposals to include new priority areas within the Framework for Strengthening Economic Cooperation and Development.</p>	<p>Not aware of any such proposals.</p>
<p>Encourage active participation of the private sector in the activities of economic and technical cooperation. Consider the recommendations of ABAC regarding the process of</p>	<p>The ESC’s <i>Guidance on Strengthening the Management of APEC ECOTECH Activities</i> includes guidance for enhancing private sector involvement. The ESC considers the implementation of these guidelines in its annual report, and in its 2001 Report noted its particular satisfaction with increased involvement of the private sector in projects. A good example is the early involvement of CISCO, Sun Microsystems and</p>

<p>economic and technical cooperation in APEC.</p>	<p>Oracle in the Human Capacity Building Promotion Programme.</p> <p>Despite the ESC's efforts, there remains concern at the level of engagement between APEC's ECOTECH activities and non-governmental organisations. For example Ministers in 2001 highlighted the need for APEC to "interact with bilateral, regional, and international organisations and financial institutions with a view to fostering cooperation, broadening support and leveraging financial resources to boost ECOTECH activities". A similar message emerged from the Symposium on Perspectives for APEC 2002 in Mexico City in December, in particular the need to involve the private sector in all stages of projects, including the planning stage.</p>
<p>Undertake ECOTECH-related tasks as directed by Senior Officials.</p>	<p>An example of this is the direction from SOM in 2000 to update Part 2 of the OAA. This was successfully completed by the ESC in 2001.</p>

ATTACHMENT C

The various possibilities for categorising ECOTECH activity include:

- The four basic principles first adopted in Part 2 of the 1995 Osaka Action Agenda (and repeated in the 1996 Framework for Strengthening Economic Cooperation and Development): (1) mutual respect and equality; (2) mutual benefit and assistance; (3) constructive and genuine partnership; and (4) consensus building.
- The four ECOTECH goals first articulated in Part 2 of the OAA (and repeated in the 1996 Framework): (1) to attain sustainable growth and equitable development in the Asia-Pacific region; (2) to reduce economic disparities among APEC economies; (3) to improve the economic and social well-being of the people; and (4) to deepen the spirit of community in the Asia-Pacific.
- The thirteen specific areas listed in Part 2 of the OAA (and associated working groups): (1) agricultural technical cooperation; (2) energy; (3) fisheries; (4) human resource development; (5) industrial science and technology; (6) infrastructure; (7) marine resource conservation; (8) small and medium enterprises; (9) telecommunications and information; (10) tourism; (11) trade promotion; (12) transportation; and (13) trade and investment data (working group subsequently dissolved in 1998).
- The fifteen specific areas listed in Part 1 of the OAA: (1) tariffs; (2) non-tariff measures; (3) services; (4) investment; (5) standards and conformance; (6) customs procedures; (7) intellectual property rights; (8) competition policy; (9) government procurement; (10) deregulation; (11) rules of origin; (12) dispute mediation; (13) mobility of business people; (14) implementation of the Uruguay Round outcomes; (15) information gathering and analysis.
- The six priority themes identified by Ministers in 1996 at Manila in the Declaration on an APEC Framework for Strengthening Economic Cooperation and Development, namely: (1) development of human capital; (2) development of stable, safe and efficient capital markets; (3) strengthening of economic infrastructure; (4) harnessing of technologies for the future; (5) safeguarding of the quality of life through environmentally sound growth; and (6) development and strengthening of the dynamism of small and medium enterprises.
- The five key ECOTECH initiatives on which APEC Ministers have sought periodic reports: (1) Kuala Lumpur Action Program on Skills Development (1998); (2) Human Capacity Building (2000); (3) APEC Agenda for Science and Technology Industry Cooperation into the 21st Century (1998); (4) Strengthening Markets (1999); and (5) Sustainable Development (1996).

ANNEX 6

Implementation of SME Integrated Plan of Action

SAMPLE OF ACTIONS TAKEN TO IMPLEMENT THE SME INTEGRATED PLAN OF ACTION (SPAN)

1. CHINA

Policy Environment

SMEs play an important role in the People's Republic of China, thus the government made a few improvements to the mechanisms and related policies such as restructuring in 1998 whereby the State Economic and Trade Commission (SETC) set up a Department of SMEs. The legal system was strengthened and a series of laws and regulations were published to protect and boost SME Development. Due to the policy of opening to the outside world, participation of the private sector has been encouraged and protected. The state protects the legal rights and interests of individuals and private economy, thus direct, supervise and manage individual and private economies.

Creation of a Conducive Policy Environment

Macro economic regulation and guidance over nationwide SME policies are more favourable in encouraging participation of non-state economy and ameliorate the external policy environment for the development of SMEs. In 1999 exists the National People's Congress passed the *Law of the People's Republic of China on SME Promotion*, which created a programme that is expected to be completed within approximately 3 years.

Human Resources Development

The construction of a SME Training Centre under the SETC in Tsingdao (Qingdao) is to conduct SME- oriented training. The *Notice on Strengthening the Training for SME Management Personnel* was issued in 1999. Private sector, intermediary and organisations participate in vocational training, for example, the STEC launched Demonstration Training Programme for SME Information. Apart from that Japanese experts were invited to China for the *China – Japan SME Financing Seminar*.

China is taking advantage of foreign and domestic experts for national SME reform and development seminars by providing training courses for enterprises to be listed in the *Growth Enterprise Market in Hong Kong* and the *Joint Stock Exchange of Hong Kong*.

Technology

Implementation of the Spark Programme since 1985 aims to provide support to township enterprises to improve technical levels and introduce advanced and practicable science and technology. In 1998, the Torch Program was implemented. It was designed to boost the industrialisation and commercialisation of the new and high-tech achievements.

Some 53 new high-tech and industrial development zones were established and 200 incubators were set up to support SME R&D. In 1999 the state set up a SME technical innovation fund to support innovation and strengthen SME capabilities by providing loan interest subsidies, grants and equity depending on the different features of the SMEs projects.

SETC establish linkages between industries, universities and research institutes and provides support to Liuzhou, Hefei and Tsingdao as three pilot SME-oriented technical innovation centers to explore effective ways to help SMEs in improving technical levels.

Another programme, *Introduction to Rural Areas*, promotes scientific and technological progress of township enterprises.

Since 1980, with government support, companies dealing with industrialisation of scientific and technological achievements have faced the most dynamic growth. In 1999 China formulated *Some Suggestions on Promoting the Development of Non-State Scientific and Technological Enterprises* to improve management and elevate innovative capabilities.

Financing

Requirements by the People's Bank of China (PBC-Central Bank) mention that all commercial banks need to set up SME Credit Departments. The head office of PBC allowed floating interest rate between 30% and 10% according to the situation. In 1999 *Guiding Suggestions on Establishing SME Credit Guarantee Pilots* were developed to boost the SME Credit Guarantee System to relieve the loan difficulties for SMEs.

SME administrative departments are studying ways to raise funds for SMEs through the capital market such as stocks and bonds. In September 1999, China released *Directions for the Approval and Supervision over the Enterprises within the Territory of PRC Applying for Listing on the Growth Enterprise Market of Hong Kong*. Additionally, there is research and preparation to open a second board aiming at SMEs in China.

Financial services must be improved to facilitate lending to SMEs in a timely and effective manner. Due to their high risk nature, commercial city banks are urged to allocate major credit funds to support SMEs.

About 70 SME Credit Guarantee institutions have been set up with a financing fund of USD480 million. Calculated on a leverage of 5 times with the guarantee institutions bearing 70% of the loan risks, it is estimated that about USD4.8 billion of bank loans will be guaranteed.

Market Exploitation and Information Service

Exhibitions to assist SMEs to seek market opportunities are organised such as:

- *China SME Fine Products Exhibition and Fair*, Moscow, October 1999
- *China – South Korea Technology and Products Exhibition*, Tianjin, December 1999.
- *2000 China International SME Commodity Fair*, Changzhou, September 2000.

In 1999 China put forward a *Suggestions on Reinforcing SME Metric Management Survey* and the Ministry of Foreign Trade and Economic Co-operation (MOFTEC) established a special fund to assist SMEs in participating in exhibitions abroad. SETC is studying a scheme of information service network for SMEs to provide information service to SMEs. There are various SME service system agencies which are supported by government, trade associations or confederations organised voluntarily by various enterprises.

The quality of SME products are studied and experiments are conducted in their quality control systems to enhance their market competitiveness, technology and products. The All – China Federation of Industry and Commerce is one of the groups that has built up information service networks for SMEs members. Information on government policies is

provided and suggestions are conveyed on the requirements of SMEs to government authorities, thus there are valuable links between government and SMEs.

2. HONG KONG, CHINA

In providing support services to SMEs, the Hong Kong Special Administrative Region (HKSAR) Government cooperates with the Hong Kong Productivity Council, the Hong Kong Trade Development Council (TDC) and the Vocational Training Council to ensure the development and growth of SMEs. Under new initiatives there is a need to strengthen SMEs in six major areas; business environment, financing, corporate governance and culture, human resources, technology application and market expansion.

Financial support allocated is about US\$167 million for 96,600 SMEs for procuring business installations and equipment and enhance human capital, market expansion and overall competitiveness. The breakdown is US\$64 million for SME Business Installations and Equipment Loan Guarantee Scheme, US\$51 million for the SME Training Fund, US\$25 million for the SME Marketing Fund and US\$25 million in the SME Development Fund.

3. KOREA

Policy Environment

The policy focused on restructuring the manufacturing industry and the acceleration of the knowledge-intensive industry. The main goal is to restructure the SMEs and enhance international competitiveness by developing the capabilities of SMEs through automation and computerisation. Korea has formulated a favourable environment for SMEs to continuously monitoring the activities and administering deregulation.

Financial Assistance

Credit guarantee programs were expanded to achieve effective lending services, and incentives are offered for high quality workers of SMEs. The Kosdaq market plays a leading role in direct financing, enabling the SMEs to obtain money through the financial market.

Human Resources Development

Consignment training programs for systematic training of skilled workers are promoted to relieve manpower shortages and increase productivity, using cyber training to create knowledge-based information society.

Technology Development

Assistance is available for SMEs to computerise factories and offices using CALS (Computer Aided Logistic Support) standards and POS (Point of Sales). These supports are available for new start-ups that are venturing into 'high-tech' in some economies. This is to improve SMEs technological capabilities and various programs are undertaken through the cooperation of government, academia and researchers by developing 'Five Year Plans'.

The plan of Assistance for SMEs in 2002 involved strengthening SMEs potential for

technological innovation, promotion of digitalisation of SMEs, laying a foundation for the re-launching of venture firms, assistance for SMEs stable and self-reliance management, supports for SMEs marketing activities and assistance for small merchants and industrialists.

4. MALAYSIA

The Small and Medium Industries Development Plan (SMIDP) in Malaysia was launched on 30 March 2002. It is a government effort to seize opportunities from trade liberalisation and globalisation thus assisting SMEs to rapidly adopt ICT.

The goals of SMIDP are to modernise SMEs and help them become productivity driven, technologically capable and globally competitive. Apart from that it promotes development of economically vibrant and knowledge-based SMEs with capacity to respond to new challenges and ways of doing business in a knowledge-based economy. This will promote lead enterprises to drive SMEs to improve their industry cluster.

SMIDP charts the future development of SMEs to provide the critical linkage in the development of a broad-based, globally competitive industrial sector. This will enhance transformation of SMEs from being labour intensive to being based on capital, knowledge and technology, including the ability to innovate, design and develop new products and processes.

5. MEXICO

Policy

Policies were established to help SMEs to reach high technological the development, quality, credits and productivity to face competitive conditions in international market. Action plans are designed to include policies to support the SMEs in areas such as:

- innovation and technological development
- Tax support and incentives
- Greater access to financing and shared financing
- Establishment of credit systems and fund risks capital
- Development of human resources through qualification and training programs
- Services
- Consultancy
- Development of suppliers
- Industrial opening
- Modernisation of equipment
- Appropriate environment for development of SMEs
- Economic development of regions and specific sectors

The Program of Enterprise Development 2001-2006 is a sectoral program that involves participation from:

- Federal government, state and municipal governments
- Enterprise and labour organisms
- Universities and technological centers
- Private sector especially those involved with entrepreneurial policies

The challenge is to create competitive SMEs that can face trade opening, thus emphasis is on the mechanisms of interchange and cooperation with other economies especially by creation of public and private sectors academic and investigation institutions. Three challenges are acknowledged: macro-economic environment, increase in competitiveness among companies, and strengthening of production regions and sectors of the economy.

This will encourage creating new companies, especially SMEs, and provide the necessary abilities to undertake domestic and international trade.

Six Strategies Implemented for SPAN

(a) Provide an economic, legal and regulatory environment that makes it easier for companies to develop.

There is coordination of efforts between state and municipal governments, public and private institutions, and the economic and entrepreneurial sector in maximising and increasing the range of action across the economy. Thus, improvement is encouraged in regulation and promotion of the modernisation of labour, and standardisation environment in search of total quality.

The simplified tax system was established to promote investment and capitalisation of companies. Furthermore, tax deductions are given for companies that focused on:

- Technological innovations and development
- Anti-pollutant equipment
- Entrepreneurial and labour training
- Profit re-investment
- Incentives for investment in new development sites for underdeveloped region

(b) Access to Financing

The government plays a role as a facilitator for the development of financing schemes. It has undertaken formation of a new credit culture, creation of fortification of guaranteed funds, fortification and development of non-banking intermediaries. The Ministry of Economy and development banks created guarantee funds to reduce the risk for financial institutions, and grant credits to SMEs at competitive interest rates. SMEs also get backing from non-banking financial intermediaries, Credit Unions and social banks. The government also promotes development of risk capital outlines, financial factoring and consolidation of micro-credit systems to maximise productivity.

(c) Entrepreneurial Training to Achieve Competitiveness

This is to strengthen competitiveness and promote the entrepreneurial culture in the international market. There is special emphasis on the development of human resources through programs of consultation, specialising in foreign trade. The Ministry of Economy

will consolidate an information system to cover SME requirements, promoting the generation, distribution, and use of economic entrepreneurial information and technological and computing applications. Implementation of a complete and reliable entrepreneurial register that permits networking among companies in promoting businesses is ensured.

Mexico has also created Entrepreneurial Link Centres operated by representatives of the governments of the states, entrepreneurial chambers, organisations and academic institutions to provide customised attention to SMEs.

Consultants, promoters and instructors have been updated through the establishment of funds which support, among other things, their services; qualification; technological innovation; adoption of better administrative practices and production; and the entrepreneurial link centers, the entrepreneurial players network and performance of entrepreneurs.

There is a need to increase competitiveness through workshops, qualification, direction, plans of business creation, integration, financing and business opportunities.

(d) Link to the technological development and innovation

Technology innovation is the key factor of productivity of the SMEs, allowing opportunities of opening new businesses, new markets and development of new and better products. Promotion of technological culture and transfer through industrial outsourcing is accomplished by using Productivity and Technology Link Centres that specialise in specific industrial activities to offer technological support to optimise production processes.

A Sector Fund was created to support the technological development of the micro, small and medium size companies by exploitation of the technology supporting developing technological projects. There is encouragement to link between companies and academic and research institutes to have easier access to new technologies. Through the National Science and Technology Council, scientific and technological developments are applied to enterprise initiatives.

(e) Regional and Sector Economic Articulation and Integration

Business in the domestic market has been emphasized, promoted, and consolidated, then promoted for an exportable supply. The schemes outlined will promote cooperation and complement the economic agents in order to eliminate the obstacles of commercial consolidation. The production chains are strengthened for export companies to encourage participation of new parties thus integrating the companies for exports. The Program of Development for Suppliers and Distributors was implemented.

(f) Market Strengthening

Use of information on business opportunities and specialised spaces for marketing, combined with outline guidance, corporate assistance and advisory systems in marketing has been promoted.

The measurement of results for entrepreneurial support programs is done to improve support schemes and identify areas to make efficient use of the resources. There are five strategies:

- Define a system of strategic indicators that allow evaluation of program performance
- Define adequate and sufficient control mechanisms
- Create coordination and participation mechanisms for the evaluation
- Present accounting reports
- Present information periodically.

Systems for continuing improvement were established to correct the deviations through the implementation of the SMEs observatory, where a database will be able to generate and detect the needs of the companies and regions of the economy. This will enable estimation of reliability and impact of efficiency as a guideline for the design and implementation of future support programs.

For the capitalisation in markets, there are *Negotiation of Agreements of Collaboration with Organisms and Agencies for the Cooperation and the Economic Development*, and the creation and development of infrastructure abroad.

6. NEW ZEALAND

For New Zealand, SMEs constitute 98.9%, with the definition of firms less than 50 employees for medium size, and less than 10 employees for small size firms. To enable economic growth there are 8 key strategies that are used which are access to infrastructure and resources: regulatory and business environment, facilitating new business opportunities: promoting entrepreneurship culture, enabling access to finance, skills and expertise, innovation and new technologies and foster collaboration and linkages. These strategies are implemented to complement the basic component of SPAN, which is the Integrated Plan of Action for SME Development (SPAN).

Access to Infrastructure and Resources

The importance of telecommunications, road transport, water supply, solid waste management, environmental legislation and effective management for property rights for natural resources is important in driving the economic development together with competition, innovation and entrepreneurship. Thus enabling the SMEs to participate in the global market.

Improvements in the Regulatory and Business Environment

The focus is on fostering a competitive business environment by improving the regulatory through minimising regulatory compliance costs, encourage eco-efficiency and enable access to foreign markets. Emphasis on workable competition policy and international trade policies apart from minimising business and regulatory compliance costs. Other attention are on protecting property rights, harmonisation of local laws and international best practice, reviews of mechanisms for winding up failing businesses and ensuring commercial access to capital using local capital markets.

Facilitating New Business Opportunities

To attract FDI (Foreign Direct Investments) having a conducive environment is important by providing advice and information on managing rapid growth and maintaining a database of purchasers and suppliers. Apart from fostering export opportunities government also have a role in promoting development of eco-business opportunities.

Promoting a Culture of Enterprise

To build confidence and positive attitudes towards entrepreneurship by encouraging and supporting new ideas by developing policies which covers a natural partnership between schools, education and businesses. Providing opportunities to build specific practical knowledge and skills for enterprise, promote success of enterprising and entrepreneurial New Zealanders in business and social development activities and foster a culture that encourages risk-taking and accepts failure as permissible norms.

Enabling Access to Finance

Policies in area of capital market and financial system policies are directed to enable access to financial capital especially in venture capital. This includes providing information on conditions and expectations of lenders.

Enabling Access to Skills and Management Capabilities

There are scarcities in domestic human capital together with the struggle to access to skills and capabilities that are required in pursuing innovative and entrepreneurial opportunities to support economic success. The importance of increasing the skills of the workers such as:

- Soft skills such as teamwork and communication and willingness to learn new skills, and motivation for new technologies
- Enterprise skills
- Flexibility to adapt new technologies
- Literacy and numerical skills.

Enabling Access to Innovation and New Technologies

Vital to import, adapt, transform and apply sourced knowledge in areas such as ICT, biotechnology, advanced materials and nano-technologies. Policies are directed at enabling access to innovation and uptake of new technologies, including eco-technologies through fostering capacity to create, absorb and commercialise new ideas generated domestically or internationally.

Fostering Collaboration and Linkages

To improve competitive position of SMEs, reduce problems by collaborating through mutual support by the development of network. The advantages in collaboration of SMEs are having collective economies of scale, dissemination of information and interfirm division of labour. Regional collaboration by having strong linkages among the local government, universities, government research labs and supporting technological infrastructures. Knowledge between people and institutions are essential for regional development.

To encourage networking and cluster development, there are programs in funding support for incubator projects for the development of sector strategies around particular industries. The strategies are in a form of a joint government partnership by having major players of government agencies who may be able to contribute.

7 CHINESE TAIPEI

Human Resource Development

'APEC SME Human Resource Management' held in Kaohsiung, October 1999 enable sharing of experiences in HRD.

Financing

'Seminars on Start-up Companies and Venture Capital' end of 1999 and May 2000 provide opportunities on access to funding to SMEs. Study on "SMEs and Financial Crisis" under Economic Committee's Project on "APEC Economy Beyond the Financial Crisis" are valuable in understanding of how SMEs weathered and responded to the financial crisis.

Technology

'Intermodal Transportation Conference' concentrates on transportation infrastructure and emphasis is given to technology.

Market Access

Expansion of database of government procurement; establish website which is interconnected with member economies could bring a great value for references.

Access to Information

'APEC R&D Leaders Forum on Telecommunications Technology' at Taipei in March 1999 enabled participants to share perspectives on future government-private communication and cooperation on telecommunications technology. Active member of task forces on Telecommunications MRA and Inter-Connection, Compatible and Sustainable International Charging Arrangements for Internet Services (ICAIS)

A survey on 'The Impact of E-Commerce on SMEs' was conducted to assist in development of SMEs in e-commerce. "The 2000 World Congress On Information Technology" (WCIT) held from 11 – 14 June 2000. Areas incorporated are:

- Electronic communications
- Hardware and software
- Networking and connectivity
- Office automation
- Banking technology
- Semiconductors

Delegates could seek cooperation in areas such as licensing, joint ventures, sub-contracting, turnkey, investment, localisation, distribution, joint R&D.

ANNEX 7

APEC's Sustainable Development Activities

Report by the APEC Secretariat

APEC'S SUSTAINABLE DEVELOPMENT ACTIVITIES: 2002 REPORT

Introduction

In 1997, clean technology/clean production, sustainable cities, and the sustainability of the marine environment were further defined as the ECOTECH priority theme of sustainable development by Environment Ministers' at their meeting in Toronto, Canada. In November 1998, in Kuala Lumpur, APEC Leaders reiterated their commitment to advance sustainable development across the entire spectrum of the APEC work plan and outlined the priorities on sustainable development in the following five areas:

- Cleaner production;
- Protection of the marine environment;
- Sustainable cities;
- Food, energy, and the environment in relation to economic and population growth (FEEEP) - now completed, and
- The APEC framework for capacity building initiatives on emergency preparedness.

In the years since the Environment Ministers' Meeting in 1997, there has been no formal meeting of the Senior Environment Officials grouping. The issue of sustainable development has not been addressed individually in terms of being raised as the theme of a gathering. However, in 2002, the first APEC Ocean-related Ministerial Meeting was held in Korea having responded directly to one priority theme on sustainable development, which is the Protection of the Marine Environment. This meeting consolidated the contribution of APEC to the World Summit on Sustainable Development, which will be held in the end of August 2002, in the area of achieving sustainability of marine resources. Nonetheless, as sustainable development is a cross-cutting issue, implementation of the related initiatives have been carried out by the relevant sectoral fora.

Following a request by APEC Ministers in 1996, Senior Officials tasked the APEC Secretariat to compile an annual overview of sustainable development work across the APEC fora. This Overview updates the stocktaking exercise on sustainable development for 2002.

Assessment

In this year, 8 projects/activities clearly relate to the sustainable development theme, set by Ministers. There are at least 38 projects/activities, including APEC-funded and self-funded projects, which do not have this theme identified as the primary objective in the APEC Project Database, but which do contribute to the sustainable development objective. This year EWG, MRCWG, FWG, ISTWG and TPTWG are the most active groups with projects responding to each priority of sustainable development. For example, the FWG and MRCWG respond to the Protection of the Marine Environment; the ISTWG is responsible for work on the infectious disease element of the Emergency Preparedness initiative.

In the rest of projects in 2002, which have no clear indication of benefiting sustainable development, some of them still have the implication of addressing this issue in a future manner. The projects for building capacity on human resource and various infrastructures, pursuing conformance and standardized procedures, and meeting

challenges in the e-era increase the linkage with the issue of sustainable development and show merit for the future.

Strong participation from the business and private sectors either as speakers and participants for some projects is continuously carried out in 2002. The involvement of non-public sectors in the preparation of proposals is easily visible. As the issue of sustainable development has been closely watched by NGOs, the involvement of NGOs has been encouraging and increasing, albeit mainly from various academic or regional international institutions. The participation of the business/private sector and the contribution of NGOs have shown that the awareness and attention on sustainable development in APEC have increased.

First APEC Ocean-related Ministerial Meeting (AOMM)

After the last Environment Ministers' Meeting in 1997, there had been no Ministerial Meeting held specifically for the issue of sustainable development. Recognizing the importance of integrated management on jointly concerned issues in terms of sustainability of marine resources, proposed by Korea and endorsed by the FWG and MRCWG in 2001, the first APEC Ocean-related Ministerial Meeting with the theme of "Toward the Sustainability of Marine and Coastal Resources" was held in April in Seoul, Korea on 22-26 April 2002. As this meeting is the first ever Ministerial Meeting specifically targeting both marine affairs and fisheries, how to achieve the sustainability of marine resources was the focus of this Ministerial Meeting.

The Seoul Oceans Declaration was adopted in the meeting. The Declaration has set the direction for APEC relevant fora to develop and implement the policy goal enshrined. It also explored commitments to sustainable development, especially on the sustainability of marine and coastal resources for APEC member economies.

In last year's Leaders' meeting, Leaders pledged to reinvigorate the commitment to sustainable development in the pursuit of enhancing economic growth, promoting human and social development and protecting the environment as interdependent objectives when they meet at the World Summit on Sustainable Development. Leaders also pledged that APEC, which has undertaken a broad range of activities in this area, would consider how to contribute to the success of the World Summit and take forward the outcomes in its work programme. This Ministerial Meeting not only raised the importance of the work currently under the purview of the APEC Fisheries Working Group and Marine Resource Conservation Working Group to a higher level, but more significantly, it responded to the pledge made by Leaders in their last meeting.

The Fifth Meeting of APEC Energy Ministers

The APEC Energy Ministerial Meeting is another high-level meeting where the issue of sustainable development has been an important and outstanding agenda. The Fifth Meeting of APEC Energy Ministers took place on 23 July 2002 in Mexico City. The achievement of this Ministerial Meeting is highlighted in the Minister' statement, which is "Fostering Regional Energy Cooperation: Setting a Long Term Vision and Implementing Short Term Action."

In this meeting, Ministers acknowledged the essential contribution of energy to maintaining the Asia Pacific region's economic growth and social development, and committed to strengthen simultaneously the APEC goals of economic growth, energy security and environmental protection. Understanding that the key challenge is to ensure that the growth takes place in a manner consistent with our environmental and social objectives, Ministers also committed to the environmentally responsible development

and clean use of energy, and to the belief that quality of life benefits flow from the availability of cleaner, more affordable energy.

In the Ministers' statement, Ministers believed that the forthcoming World Summit on Sustainable Development would be an opportunity for APEC to demonstrate to a wider global audience how voluntary regional partnerships can be utilized to achieve sustainable development objectives.

In 2002, the Energy and Oceans Ministerial Meetings not only raised the importance of APEC's work on sustainable development to a higher level, but more significantly, they have provided a basis for a solid contribution by APEC.

I. SPECIFIC INITIATIVES RELATED TO SUSTAINABLE DEVELOPMENT BY APEC FORA

The Committee on Trade and Investment (CTI)

CTI is responsible for coordinating APEC's work on trade liberalization and investment as outlined in the Osaka Action Agenda. The CTI and its sub-fora, where appropriate, help to integrate relevant initiatives of sustainable development into APEC's TILF activities.

The CTI also oversees the implementation of non-tariff measures, facilitation and ECOTECH components of the 15 sectoral initiatives selected by Leaders in Vancouver. These sectoral initiatives, commonly referred to as the Early Voluntary Sectoral Liberalization (EVSL) initiatives, contain several activities that contribute to sustainable development. In the forestry and fisheries sectors, sustainable management programs are being developed to ensure increased trade does not lead to unsustainable practices. Projects have been undertaken to research a new method of monitoring and assessing forest resources and to study effective methods of monitoring damaged forest areas. The report of the study and an image atlas in Forest Health Protection have been published and uploaded to the APEC Secretariat Homepage.

Similar to the environmental goods and services sector, ECOTECH projects were also undertaken to ensure that future trade liberalization not only brings economic benefits but also enhances cost-effective environmental protection. The greater availability and choice of environmental goods and services is expected to help economies address a range of sustainable development challenges. Take one project of SCCP for example, the 'Technical Assistance Program to Reduce the Requirements for Paper Documents needed for Custom Administration' will not only help trade facilitation, but also contribute to sustainable development.

For the automotive sector, a work program that will address environmental issues and alternative fuel technology is being pursued in the APEC Automotive Dialogue that was established in 1999 as a forum that promotes open dialogue between government and industry on a wide range of issues affecting the greater integration and development of the automotive sector.

The Agricultural Technical Cooperation Working Group (ATCWG)

ATCWG has been responsible for the areas of agricultural biotechnology, plant and animal quarantine and pest management, and plant and animal genetic resources. Activities in these areas have contributed to the region's economic growth and social well

being, and the contributions have continuously responded to the priority of sustainable development.

In 2002, the activities implemented by ISTWG included the “Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology”, the “Symposium on Detection, Monitoring and Management of Invasive Plant Pests”, and “Workshop on Conservation and Utilization of Plant and Animal Genetic Resources”. Through these activities, the results will further improve the effective utilization of agricultural resources and enhance the capability of pursuing sustainable development in agricultural sectors.

The Energy Working Group (EWG)

As part of its contribution to sustainable development within APEC, the Energy Working Group (EWG) adopted The Future Directions Strategic Plan on May 19, 2001 at its 21st Working Group Meeting. EWG has decided among other things, to pursue the following objectives:

- Promotion of clean and efficient technologies, and the efficient use of energy to achieve both economic gains and environmental enhancement ;
- Achieving environmental improvement of energy production, use and mineral extraction within our APEC community ; and
- Harnessing all expertise available to the Energy Working Group to give effect to the above objectives.

In 2002 EWG planned to focus its projects on sustainable and environmentally sound energy subjects; half of its APEC-funded projects and nearly half of the self-financed projects are devoted to these objectives.

During the 4th APEC Energy Ministers Meeting held in May 2000, Energy Ministers issued a Joint Statement on Clean Energy and Sustainable Development, which guides the EWG in its work in the coming years. As instructed by Energy Ministers the EWG has attempted all possible ways to facilitate frank and open exchanges of views on efficiency of energy production and use among member economies, in order to foster a wide-reaching public awareness of the linkage between energy, economic growth, and environment. The 5th APEC Energy Ministers Meeting is going to take place in July 2002. The meeting will continue to reinforce the ministerial statements made at its previous ones, and put emphasis on implementation of these visions.

EWG also will to send its delegate to the World Summit for Sustainable Development (WSSD) to demonstrate what APEC has endeavored to accomplish in areas of sustainable economic development, especially in the area of energy.

The Fisheries Working Group (FWG)

Being aware of the close relationship between the fisheries industry and the environment and sustainable development, the FWG is continuing to put into effect collaborative regional projects to meet the challenges of a growing aquaculture industry while maintaining environmental integrity and long-term sustainability of aquaculture operations. The endeavor has been devoted to the issues of fisheries management, developing industry standards for live reef food fish trade, and coastal resource management to assure a growing aquaculture industry and maintaining sustainable development in parallel.

In 2002, two projects implemented by the FWG are “Capacity and Awareness Building on Import Risk Analysis (IRA) for Aquatic Animals” and “Developing Industry Standards for the Live Reef Food Fish Trade”. The first one is to address the problem of increasing serious socio-economic, environmental and possibly trade consequences arising from disease incursion through irresponsible movement of live aquatic animals. The second one is to establish an environmentally and socially sustainable standard, which can eliminate the trade’s destructive impact on coral reef systems and provide a foundation for a lasting trade in healthy live reef food fish within the Asia Pacific region. The FWG goal of promoting conservation, management and sustainable utilization of fisheries resources has been sought.

In the first Ocean-related Ministerial Meeting, responsible fisheries and sustainable aquaculture were the focus of discussion. Domestic and regional cooperation were encouraged and agreed to strengthen in the Seoul Oceans Declaration for the purpose of reaching the sustainability of marine resources. The FWG has been tasked with developing and implementing the policy goal enshrined in the Declaration.

The Human Resources and Development Working Group (HRDWG)

Since 1998, the HRDWG has designated a focal point on sustainable development to coordinate working group activities more efficiently within the HRDWG and in relation to other APEC fora. The focal point is responsible for keeping the WG updated on developments in this area within APEC, and seeing how its activities respond to identified priorities or complement the activities of other APEC working groups.

In the HRDWG, work contributions towards sustainable development are channeled through the HRDWG’s three networks - Education Network (EDNET), Labor and Social Protection Network (LSPN), and Capacity Building Network (CBN) - to build capacity of, educate, train and manage economic, administrative, social and environmental institutions. The HRDWG annual work program lists *‘supporting the management of sustainable growth and development’* as one of its strategic priorities.

The HRDWG also has a strategic relationship with the APEC Network for Sustainable Development (www.apecnetwork.org) and originally initiated in the HRDWG in 1997 as the APEC Sustainable Development Training and Information Network to link training and information resources throughout APEC to promote capacity building and HRD to achieve sustainable Cities; Marine Environment; Cleaner Production; Sustainable Energy; Agriculture; and Forestry. It now supports capacity building to advance sustainable practices in the public and private sectors in APEC economies and works closely with other APEC fora in pursuing these objectives

The Industrial Science and Technology Working Group (ISTWG)

Sustainable development continues to be a major element of the ISTWG's projects. Due to fact that the ISTWG covers diverse issues, four sub-groups have been created to focus on each of the specialized fields. One of the sub-groups is responsible for cleaner production and other environment issues, of which the priority is to meet environment challenges through Science, Technology and Innovation. Most projects implemented by the ISTWG have made contributions to sustainable development in terms of the focus on technology R & D, human capacity building, and technology information exchange. In its 21st meeting held in October 2001, the ISTWG held a Cleaner Production Roundtable Discussion and a case study of an eco-toaster to illustrate how eco-design can address environmental problems. Furthermore, it was agreed that an APEC Cleaner Production Network would be established.

In 2002, some projects address the issue of emerging infectious disease (EID). The result of conducting related activities will benefit different sectors of the society including the general public, which has a positive impact in the sustainable development on different areas.

The Marine Resources Conservation Working Group (MRCWG)

The MRCWG is responsible for coordinating the implementation of the APEC Action Plan on Sustainability of Marine Environment, which was approved by APEC Environment Ministers in June 1997.

In 2002, the MRCWG has continuously carried out a number of activities related to the sustainability of the marine environment, including the project on "Oceans Models and Information System for APEC Region-Sea Watch in Asia Pacific with Telemetry (SWAT)", by which a monitoring system and models will be established. APEC members shall have timely data of the marine environment and better capability in forecasting impacts on the marine resources. "Integrated Oceans Management" addresses the priority of "safeguarding the quality of life through environmentally sound growth" by promoting sustainable integrated management of ocean resources; another is the "Modern Approaches to Linking Exposure to Toxic Compounds and Biological Effects", by which the experience is exchanged on modern techniques and approaches in determination of the links between existence of pollutant and toxic compounds in water environment and their effects in aquatic biota.

Following the endorsement of the *Strategic Approach for the Implementation of the APEC Action Plan on Sustainability of the Marine Environment* in 2000, and the adoption of the Seoul Oceans Declaration, the MRCWG, at its 15th meeting this year, agreed to review its operations in relation to the *Action Plan*; also, based on the Declaration, which includes resolutions of achieving sustainability of marine resources, a forward looking operational plan will be developed in a timely manner, so as to ensure that the full scope of objectives within the *Action Plan* and Declaration is addressed comprehensively.

The Telecommunications and Information Working Group (TELWG)

While few activities of the Telecommunications and Information Working Group relate directly to sustainable development, many projects in areas such as electronic commerce, distance learning and information and communications technology development contribute to sustainable development by reducing resource depletion through innovative usage of ICT. In 2002, the APEC Distance Learning Project on Telecommunications Technology will continue the efforts of the TEL in promoting distance learning technology while at the same time narrowing the digital divide by providing human resources development in advanced telecommunications technology.

The Electronic Commerce Steering Group (ECSG)

The Electronic Commerce Steering Group also contributes to sustainable development by reducing resource depletion through the innovative use of ICT. In the 1998 Blueprint for Action on Electronic Commerce, APEC Ministers agreed "that member economies should endeavor to reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration and other documents and messages relevant to international sea, air and land transport i.e. "Paperless Trading" (for trade in goods), where possible, by 2005 for developed and 2010 for developing

economies, or as soon as possible thereafter." In 2002, it is expected that at least 10 member economies will submit individual action plans on paperless trading.

The Transportation Working Group (TPTWG)

The Transportation Working Group's Steering Committee on Safe and Environment-Friendly Transportation oversees specific projects and activities pursuing the overall safety and environment-related goals agreed upon by APEC Transportation Ministers in 1995 and 1997. In 2001, the Steering Committee undertook to work more closely with the MRCWG on environmental issues. A project for implementation in 2002 is the Analysis of the Economic Benefits of the Provision of Hydrographic Services in the APEC region. The ongoing work of the TPT on development of Intelligent Transport Systems (ITS) in the region will assist in the reduction of pollution and traffic congestion.

The Tourism Working Group (TWG)

The First APEC Tourism Ministerial Meeting was held in Seoul, Korea, on 4-7 July 2000. Ministers endorsed the Seoul Declaration on an *APEC Tourism Charter: A Ministerial Statement of Purposes and Intent*. Tourism Ministers established Four Policy Goals for economies to foster the development of tourism and enhance its contribution in the APEC Region. Policy Goal No. 3 is titled 'Sustainable Management on Tourism Outcomes and Impacts'. In particular, Tourism Ministers will seek to achieve this goal by pursuing policies that:

- Demonstrate an appreciation and understanding of our natural environment and protect that environment;
- Foster ecologically sustainable development opportunities across the tourism sector, particularly for small and medium enterprises, and employment, and provide for open and sustainable tourism markets;
- Protect the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism;
- Recognize, respect and preserve local and indigenous cultures together with our natural and national cultural heritage; and,
- Enhance capability building in the management and development of tourism.

As a result of this initiative two projects – Training for Sustainable Development in the Tourism Industry and Public-Private Partnership for Sustainable Tourism, were completed and presented at the 2nd Tourism Ministerial Meeting was held in July 2002 in Manzanillo, Mexico.

Trade Promotion Working Group (WGTP)

There are not many activities conducted by the WGTP that directly relate to sustainable development. However, some projects carried out have sustainable development objectives in mind. For example, the Seminar on Seamless E-Trade in 2002.

The function of the website of APECNet and its revamp not only help improve business opportunities, they also have a positive impact on sustainable development in terms of reducing the consumption of related material in traditional business dealings.

II. SUSTAINABLE DEVELOPMENT BY CATEGORIES

Study / Research / Report / Publication

- 'Harmonizing Economic and Environmental Objectives of Energy Policy, Phase I' - to undertake a comprehensive examination of key relevant issues relating to the harmonization of economic and environmental objectives. EWG
- 'Adoption of Renewable Energy Standards' – to (1) review and document available standards for renewable energy systems for: (a) off-grid applications, including mini-grids and stand-alone systems and (b) grid-interactive applications; (2) categorize according to types of standards and (3) prepare harmonized/synthesized proposed standards. EWG
- 'Measuring the impacts of new economy technologies on the energy sector in APEC economies' - to provide quantitative analysis of the potential benefits in all APEC economies of emerging technologies at both the economy wide level, as well as at the energy sector level. EWG
- 'Developing Industry Standards for the Live Reef Food Fish Trade' - to create concrete guidelines to reduce and ultimately eliminate over- and destructive fishing on coral reefs, improve the sustainability of the live reef food fish trade, and stimulate trade in healthy live reef food fish produced or caught using non-destructive techniques. FWG
- 'EID: Molecular Epidemiology of Dengue Viruses' - to enhance surveillance for DHF in APEC economies to provide early warning predictive capability for epidemic transmissions. All public and private sector institutions will benefit from the protection of their workforces, families and communities from this potentially fatal epidemic disease. ISTWG
- 'Preparing the Human Resources for the New Economy' – to address the issue of the changing pattern in human resource requirement in the New Economy and to formulate appropriate strategies and programmes for APEC member economies in order to generate the required human resource and adequate supply of trained human resource to ensure sustained economic growth. HRD
- 'Integrated Oceans Management in the APEC Region Stage II' - to safeguard the quality of life through environmentally sound growth by promoting sustainable integrated management of ocean resources. To develop a comprehensive data base on integrated oceans management, mechanisms, and instruments in the APEC region, giving economies access to best practice case studies and information about relevant legislative and institutional approaches, with a view to improving oceans management in the region. MRCWG
- 'Ocean Model and Information System for APEC Region 2002 - Sea Watch in Asia Pacific with Telemetry (SWAT)' – to develop application models that are capable of forecasting the transportation and dispersal of marine pollutants and their impacts on marine ecosystems. MRCWG
- 'Development and Validation of Phycotoxin Analytical Methods, Standards and Reference Materials for Seafood Product Certification and Safety (Year 3 of a 3 year project)' – to validate analytical methods that can be employed to test natural toxins derived from marine algae. MRCWG
- 'Identification of Competency Standards for Perishable Goods Handling and Development of Training Programs – to improve the perishable goods handling, skills of middle level managers and handlers in APEC region and to strengthen the supply chain that could bring benefits to each sector of goods supply chain. TPT

- ‘Sea and Air Container Tracking and Tracing Technology – Analysis and Case Studies’ – to analyze sea and air container tracking and tracing technology developments in Asia-Pacific economies to examine the application of these technologies and their integration across supply/demand chains between economies, so as to identify and assist in removing technical and business barriers to adoption and increase the capability of businesses to adopt this technology. TPT
- ‘Non-Tariff Measures in the Transport Sector’ - to identify non-tariff restrictions to trade in the transport sector and develop a “best practice model” which can serve as a guide to the elimination or reduction of the existing barriers, so as to demonstrate how an ideal competitive transport regulatory regime should function while preserving all the necessary elements of safety and environmental regulations. TPT
- ‘Identification of Needed Intermodal Skills and Development of Required Training Programs: Phase 2 - Development of Required Training Programs’ – to improve the safety of the transportation system as the skills and training of those involved in the transportation industry are improved. TPT
- ‘Study of the Contribution of Small Business (including Micro-enterprises) to Trade in the APEC Region’ - to develop a set of policy recommendations for the successful expansion of micro-enterprises in the Asia Pacific region. SOM

2. Workshop / Symposium/Forum

- ‘Workshop on Technical Cooperation and Information Exchange on Safety Assessment in Agricultural Biotechnology’ – to enhance information sharing between member economies, and more coherent and consistent approaches to agricultural biotechnology. This will further intensify technical cooperation, information exchange, and capacity building, and will focus on discussing science-based approaches to risk assessment and management of agricultural biotechnology products. ATCWG
- ‘Workshop on Sustainable Agricultural Development and Technical Training’ - to promote sustainable agricultural development in APEC economies by building production capacity and good agro-products of agricultural systems, and strengthen the management leading to rational utilization and more efficient use of agricultural resources. ATCWG
- ‘4th Conference on Standards and Conformance’ - to develop a common vision among the technical and administrative elements in the infrastructure development of the Asia-Pacific economies, and to raise awareness of the relevance of every element within the technical infrastructure development of an economy and to ensure they are considered in the technical objectives of developing APEC member economies. CTI
- ‘SCCP Technical Assistance Program to Reduce the Requirement for Paper Document Needed for Customs Administration’ – to enhance trade facilitation by reducing requirements for paper documentation in customs and trade transactions. CTI
- ‘Symposium on the Development and Coordination of Energy Efficiency Programs and Standards during Energy Market Restructuring’ – to identify ways of providing the necessary coordination by exchanging experiences and ideas, provide knowledge of what initiatives have been successful and under what circumstances. EWG
- ‘Information Sharing and Best Practices on Teleworking’ - aims to enhance member economies knowledge through information sharing and best practices so as to facilitate and promote greater awareness on ‘teleworking’ in member economies that

will benefit all sections of society, particularly the traditionally disadvantaged groups.
HRD

- 'The Best Practices in Empowering Women's Earning Capacity through Lifelong Education' – to promote APEC member economies by giving a better understanding of preserving local knowledge and mutual exchange between practitioners of modern and traditional technology. The support for continuing development of traditional practices and knowledge among women, both in urban and rural areas, will be widely acknowledged. HRD
- 'APEC Biotechnology Conference – Policy and Strategy' – sharing information and experience among government officers, entrepreneurs, and research scientists involved in policy making and technology R&D in the field of biotechnology, to generate a channel for collaboration between member economies and speed up the development of the bio-industry in the region. ISTWG
- 'APEC Forum on Venture Capital's Role in Science Parks and Business Incubators' – to enhance the exchanges and cooperation among science parks and business incubators of APEC members. To raise awareness of the importance of venture capital (VC) and discuss how VC could play its best role in sustaining the development of technology-based companies in science parks and business incubators. ISTWG
- 'Seminar for the Discussion about RRT Procedures and the Networking of Institutions Relating to Materials Evaluation Technology' - to lay the basis for building up a cooperative framework among APEC economies and act as a catalyst to facilitate technology transfer and exchange in the advanced materials testing and evaluation. ISTWG
- 'Whole of APEC Integrated Oceans Management Forum' - to bring together opinion leaders from across APEC economies and working groups and established institutions within the region to consider the challenges and opportunities for integrated oceans management across all APEC programming. MRCWG
- 'Workshop on the Modern Approaches to Linking Exposure to Toxic Compounds and Biological Effects' - to advance integrated sea water quality biomonitoring among the APEC region by exchanging experience on modern techniques and approaches in determination of the links between existence of pollutants and toxic compounds in water environment and their effects on aquatic biota. MRCWG
- 'APEC Seminar on Seamless E-Trade' - to promote trade among member economies by improving e-trade practice, facilitate the adoption of practices among APEC member economies. WGTP
- 'Workshop on ECOTECH and Capacity Building: Assisting Integration into the Global Economy' – to underline the mutually reinforcing nature of TILF, ECOTECH and Capacity Building; creating capacities to reap the benefits of TILF; using TILF to stimulate capacity building; assisting integration into the Global Economy; bridging liberalization, facilitation, capacity building and ECOTECH; access to the New Economy opportunities. Expanding the benefits of cooperation for growth and development; the Manila Framework for strengthening Economic and Technical Cooperation; globalisation and shared prosperity; social safety nets and policies to protect disadvantaged groups. SOM
- 'APEC Young Leaders and Entrepreneurs Forum on Business Development with Social Responsibility' – to identify strategies and actions to promote the creation of new socially responsible enterprises for young entrepreneurs and to encourage a social commitment of young entrepreneurs in the generation and development of businesses and jobs. SOM

3. Database / Network

- 'Operation of APEC Energy Database on Energy Data and Analysis' - to collect energy data and relevant information from member economies to operate the database connected to the internet, and to prepare an overview of the APEC energy situation as well as release the results. EWG
- 'APEC Network of Skills Development Centre' - the NetSDC is a cost-effective and efficient way of sharing information and collaboration. This will facilitate long term and sustainable sharing by APEC members. HRD
- 'APEC Science and Technology Website (Website)' – to fund the serving of ASTWeb for 2002; To facilitate the flow of S&T information among APEC economies, through the use of a database of links to S&T websites and a set of discussion fora. ISTWG
- 'Optimal Topology of Testbeds (Research Networks) and Simplified Commercial Networks in APEC Region' - to search for an efficient methodology for the linkage of simplified commercial and research networks in the Asia-Pacific region. The result will be a suggestive topology, which would save more cost than any other possible candidate networks, including the present network topology. TEL
- 'Revamp of APECNET' – to enable businesses from member economies to submit and gather business opportunities from the system. Easy access to other member economies' information through the hyperlinks help to attain sustainable growth. TPWG
- 'Survey of Training Requirements and Capabilities, Including Development of a Training Database' - the database enables member economies that have the training expertise and are willing to assist develop courses for the other members and thus help restore the confidence of international travelers. Other travel-related businesses such as transport terminals, hotels, catering, tourists attractions etc. will also benefit from the increase in travel activities. TPT

4. Training / Technology Exchange

- 'APEC Institutional Linkage for Human Resources Development in Postharvest Technology' – to enhance academic quality in postharvest technology for warm climates. Improve the productivity and competitiveness of the postharvest industry by establishing interactive university-industry linkages for mutual and close partnership in the development and adoption of modern techniques. ATCWG
- 'SCCP Technical Assistance Program to Reduce the Requirements for Paper Documents needed for Customs Administration' - to design and deliver to economies a program of technical assistance as well as practical advice and support for a program to assess, develop and implement paperless trading strategies. CTI
- 'Training in Risk Assessment in Support of Food Safety Measures' - an overview of the theoretical aspects of risk assessment including the importance of toxicological evaluation, practical experience in determining the level of acceptable exposure to natural toxicants, chemical contaminants and pesticide residues, and information about dietary modeling and how these methods can be applied to determine the appropriate risk management options. CTI
- 'Capacity and Awareness Building on Import Risk Analysis (IRA) for Aquatic Animals' – to strengthen and facilitate trade in aquaculture products and improve public health protection through improving human capacity, standardising approaches, and establishing networking by addressing the increasing serious socio-economic, environmental and possibly international trade consequences arising from disease

incursions related to the introduction of trans-boundary pathogens/diseases through irresponsible movement of live aquatic animals. FWG

- 'Executive Capacity Building on International Rules and Standards-Based Management' - to build the capacity of business executives from both private sector and state owned organizations by strengthening their adaptability, effectiveness and creativity to manage. HRD
- 'The Use of Information Technology in a Learning Society - APEC Educators Exchange Programme' - to encourage educators in the APEC region to continuously exchange knowledge and experiences on the use of IT in education. HRD
- 'Informatics and Surveillance Training for Emerging Infectious Diseases' - to prevent the emergence of and promote the timely control of transmission of new infectious trade as travel intensifies among cooperating economies. ISTWG
- 'APEC Distance Learning Project on Telecommunications Technology' - to narrow the technological gap in the telecommunications sector between the developed and developing member economies, and facilitate achieving the goal of balanced development of the Asia-Pacific Information Infrastructure (APII). TEL
- 'Harmonization of Automotive Technical Regulations: Training Regulators to Implement Harmonized Regulatory Systems' - to implement efficient certification systems and harmonized regulations for safety and emissions control needs, and to implement regulatory requirements for vehicle safety and environment protection for achieving internationally harmonized regulatory systems for the automotive sector. TPT
- 'APEC Dialogue on Globalisation and Shared Prosperity' – to cover different sectors to discuss how globalisation in the APEC region has assisted in building the conditions required for sustained economic growth, introduction of the new economy, poverty reduction, and shared prosperity. SOM
- 'Transforming the Digital Divide into a Digital Opportunity: Phase 2: Technical Training and Consultancy' - to bridge the digital divide by assisting developing member economies to improve their knowledge and skills base at application level, aiming to enhance the e-commerce capability of developing members economies by strengthening the development of coherent policy frameworks, IT strategies and necessary action steps for both public and private sectors involved in e-commerce policy formation and implementation. SOM

ANNEX 8

Human Capacity Building Strategy on the New Economy

HUMAN CAPACITY BUILDING STRATEGY FOR THE NEW ECONOMY

INTRODUCTION

The emergence of the new economy has created a new dimension for human capacity building. Consequently, the APEC Ministerial Meeting in 2000 reaffirmed the importance of human capacity building and instructed senior officials to prepare a Human Capacity Building Strategy for APEC to respond to the challenges of the New Economy.

Following the instruction of the Ministers, the Human Capacity Building Coordinating Group was established under the SOM, which was tasked with the development of a Human Capacity Building Strategy for the New Economy (HCBSNE). The HCBCG assisted the SOM in preparing this Strategy.

This tasking recognizes that development of knowledge and skills are critical issues in the new economy, which requires a comprehensive approach. The Strategy intends to offer an effective response to the present and future need for transforming the "digital divide" into "digital opportunities", taking advantage of the information and communications technologies (ICTs) so that the benefits brought by the New Economy can reach all people in the APEC region. In order to reduce disparities and to provide comprehensive access to the benefits of the New Economy, new and effective approaches to human capacity building are needed.

Nowadays, knowledge, information and how they are used determine prosperity. Expanding international trade is spurred not only by innovation and creativity but also by networks for information and communication technologies, organizational and structural changes and an appropriate combination of know-how, policy and capacity building. This constitutes the framework of the New Economy, which encompasses among other features, e-business, e-learning and e-society.

Success in building human capacities is the key to harvesting the unprecedented opportunities of the New Economy. Advances in information technology and knowledge are transforming the landscape of the global economy. While the globalization of trade, finance, and information flows can help all economies, there is also the risk that the accelerating pace of change may widen the digital and knowledge divide, with investment, skilled people, and other resources flowing to economies that have a stronger knowledge base.

As stated by the Leaders in the Action Agenda for the New Economy, governments together with stakeholders should promote innovation and entrepreneurship, and build human capacity and knowledge through comprehensive and high-quality education, training, and skills development programs. They should promote quality education as a goal, including basic education and distance learning as a means of sharing ideas and experiences in facing common challenges and exploiting opportunities presented by the rapid development of ICTs.

The benefits brought by new technologies have not yet reached millions in the APEC community. In order to achieve the goal set by the Leaders in Brunei, it is imperative to develop and implement a policy framework, which will enable urban and rural communities in every economy to have individual or community-based access to information and services offered via the Internet by 2010. The aim is to treble the number of people within the region with individual and community-based access by 2005.

The Strategy is formulated to be complementary to the current ongoing efforts of APEC as indicated in the Osaka Action Agenda, the e-APEC strategy implementing the 2000 New Economy Action Agenda, as well as to serve on a long-term and intersectoral basis for human capacity building efforts of APEC.

PRINCIPLES

The Human Capacity Building Strategy for the New Economy (HCBSNE) should place importance on a learning society that affirms the role of education, prepares its peoples to embrace the change, and is characterized by lifelong learning as called for by the APEC Education Ministerial Meeting in Singapore in 2000. Information technology should be a core competency for teachers and students.

The HCBSNE should be in line with the principles established in the APEC High Level Meeting and the HRD Ministerial Meeting, and in the recommendations laid out in initiatives such as the Beijing Initiative and the e-APEC Strategy.

- HCBSNE should offer an effective response to present and future needs for bridging the digital divide and transforming it into digital opportunities, taking advantage of the information and communications technologies (ICTs) so that, in addition to individuals, the business community, particularly small, medium and micro enterprises in the region could benefit from the New Economy.
- Economic growth and globalization can lead to widespread and sustainable increases in the living standards of all peoples. However, APEC members will reap the benefits of globalization only insofar as economies, labor markets and citizens are flexible and prepared for the current environment: the focus of the strategy is human capacity building in the APEC community.
- In the New Economy, governments have a major role in creating an environment where innovation, growth and market responses can occur quickly and be sustained. Linking economic policy, human resource policy, labor and social policies create a virtuous circle of economic growth, employment growth and social cohesion to human capacity building.
- Effective labor and employment policies, including mobility of trained people, can expand trade and investment flows and result in economic growth that benefits the development of an adaptable workforce, with the capacity for continuous learning. These policies can ensure that the benefits of economic progress and globalization are widely distributed, enhancing regional cooperation in an increasingly integrated economy.
- Emphasizing the use of ICT in a learning society, sharing ideas and experiences in facing common challenges and exploiting opportunities presented by the rapid developments in technology, including the area of distance learning, are important for economic growth.
- Enhancing cooperation among government, business, labor and the educational training sectors as well as other stakeholders in the community and other organizations (including international ones) is relevant to placing human resources development and other employment policies at the center of economic policy.
- The diversity of APEC experiences can build upon existing knowledge and share common lessons learned. Moreover, the interchange of experiences in science and

technology and best practices between other regional and international organizations can create effective domestic innovation systems.

- Women represent enormous untapped potential for improving economic and social well-being. APEC has also acknowledged that economic and social policies impact differently upon women and men, and that gender analysis is a cross-cutting issue critical to ensuring activities that address the needs of both women and men.
- Disadvantaged people such as indigenous peoples, ethnic minorities, older workers and people with disabilities deserve the benefits of the New Economy.
- Youth deserve special attention, taking into consideration their skill sets and abilities as well as their achieved educational level.

OBJECTIVES AND PRIORITIES

The HCBSNE should help to organize the overwhelming level of activities of various fora, increase complementarity and reduce duplication and one-off projects. The Strategy should also, among other things, contribute to policy definitions, strengthen partnerships, and strengthen project methodologies and outcomes.

Priority issues should include labor market policy, skills, quality education and learning, access to technology, participation, gender integration and transformations taking place in work organization. Many of these are being addressed in APEC on an ad hoc basis. It is necessary to design activities to produce outcomes.

The main elements can be grouped as follows:

- Building people's capacities
- Achieving regional development
- Equity in the New Economy
- Private Sector Involvement
- Well-functioning labor markets

1. Building People's Capacities

As the APEC community is the center of the Strategy, education and training are vital components needed to build the APEC community and to address social, economic and regional inequalities. Moreover, it is relevant to the participation of women, disadvantaged persons and older workers. In that sense, it is necessary to emphasize the significance and use of ICTs as a component of human capacity building across APEC economies, and in the distribution of knowledge by establishing education as the fundamental issue in policy development in Member Economies.

1.1 OBJECTIVES

1.1.1 In order to close the skills gap, universal access to basic quality education, including the participation of women, is the necessary foundation for all further learning.

1.1.2 To recognize the central role played by ICT in education and skill training in all sectors of the APEC community and to improve education and training provision, through the use of new learning technologies and practices, particularly distance learning.

1.1.3 HCBSNE should aim to prepare individuals and businesses to take advantage of the opportunities created by economic growth and mitigate the impact of economic uncertainty.

1.1.4 To promote in APEC Economies a commitment that encourages life-long learning and incorporates information and communication technology as a core activity.

1.1.5 To accord high priority to the development of core competencies including learning skills, communications, creative and innovative thinking, team work, leadership, ethics and values.

1.1.6 To create strong partnerships between governments, academia, business communities and workers in the development and implementation of human capacity building for the New Economy.

1.2 PRIORITIES

1.2.1 The incorporation of ICTs in primary, secondary and tertiary education, as well as human capacity building courses in general that ensure quality education to women and men within APEC communities.

1.2.2 Closer cooperation between educational institutions, the business community and government policy makers to update curricula, improve education and training delivery, and enhance the performance of education and training systems.

1.2.3 Recognition of the central role of flexible work practices in the New Economy and their impact on an individual's career choices and opportunities.

1.2.4 Promotion of the exchange of experienced ICT specialists in education and training.

1.2.5 Widespread, supported access to Internet training and other elements of ICT in the workplace and in the community and inter-governmental information exchange on best practice models for the promotion of Internet use.

1.2.6 The development of career planning approaches suitable for the New Economy and the use of advanced information systems to provide accurate information on future career options.

1.2.7 Making capacity building in the development of government policy for the New Economy a priority, capitalizing on best practice models within APEC Member Economies and their dissemination throughout APEC Fora.

1.2.8 The encouragement of Member Economies to develop ECOTECH Action Plans (EAPs) with a special emphasis on human capacity building.

2. Achieving regional development

Knowledge is a key element that determines which region prospers. To establish a winning position in the New Economy, it is vital for APEC to develop a society and culture that honors education and training and gives priority to human capacity building in the APEC community, including women's participation. To achieve this, it is necessary to constantly develop and nurture skills.

The digital divide within and between Member Economies associated with the appearance and dissemination of information and communication technologies (ICTs) is of concern.

2.1 OBJECTIVES

2.1.1 To place human capacity building at the heart of regional, social and economic development under the emerging environment and the fight against poverty.

2.1.2 To seek new channels for cooperation and joint action on human capacity building between APEC Economies in the face of the challenges posed by the New Economy.

2.1.3 To foster cooperation, dialogue and consensus on human capacity building so that all sectors of the community may work together to respond to the demands of the New Economy.

2.1.4 To formulate a plan for the identification and delivery of lifelong access to up-skilling for women and men.

2.1.5 To facilitate within the region the mobility of trained people to boost economic performance.

2.2 PRIORITIES

2.2.1 The development of programs and policies, with the active participation of women, to facilitate increased investment in the ICT infrastructure, and the monitoring and evaluation of these programs in order to obtain permanent achievements.

2.2.2 The improvement of widespread access to the Internet among populations in remote areas by means of community-based facilities. To achieve this priority, it is necessary to promote the electrification of remote areas as a pre-requisite for access to the Internet.

2.2.3 The implementation of programs in ICT that promote technical assistance to reduce the digital divide across and within Member Economies while emphasizing the opportunities offered by the New Economy.

2.2.4 The development of long distance e-learning programs with the cooperation of local and central governments and business and academic sectors to expand networks of knowledge and building skills in Member Economies, especially for rural areas. This will allow those areas to become more adapted to the New Economy and the new technology revolution.

2.2.5 The cooperation by the APEC Economies to improve ICT skills and knowledge in the APEC Community, taking into account the different levels of the Member Economies.

3. Equity in the New Economy

It is necessary to emphasize the economic imperative of drawing on the talents of all people in the APEC community, including those who may have been left out of the workforce until now, such as women, older workers, ethnic minorities, indigenous people, youth and people with disabilities, among others, that should receive the benefits of the new economy.

3.1 OBJECTIVES

3.1.1 Information and communication technology should be used to facilitate family-friendly work practices in order to respond to gender disadvantage, to provide a promising future to youth and improve community life.

3.1.2 To foster the participation of women on an equal basis in human capacity building for the New Economy and ICTs ensuring that the benefits of the New Economy are shared with equity.

3.1.3 To ensure that the benefits of the New Economy are shared equitably with indigenous people, ethnic minorities and older workers in APEC Economies.

3.1.4 To ensure that people with disabilities in APEC Economies participate fully in the benefits of the New Economy.

3.1.5 To foster the participation of youth as the main beneficiary of the opportunities brought by the New Economy.

3.1.6 To ensure that in facing the needs of the present generation, the needs of future generations are not compromised.

3.2 PRIORITIES

3.2.1 Consideration and recognition of the significance of the New Economy for social inclusion of all sectors, particularly in education and training, and a concerted effort to create public-private partnerships in the development of New Economy policies.

3.2.2 A sustained emphasis on initiatives that involve women in the New Economy, especially in terms of improved access to appropriate education and training opportunities.

3.2.3 Appropriate education and training opportunities for ethnic minorities, indigenous people and older workers in order for them to reap the benefits of the New Economy and its global reach.

3.2.4 Implementation of human capacity building on ICT-related programs that cross the urban-rural and income divide in order to deliver appropriate new economy opportunities.

3.2.5 Disabled people should receive appropriate educational and training opportunities to reap the benefits of the new economy and its global reach

3.2.6 Enhance the significance of the development of human capacity building for youth and young entrepreneurial leaders as a means to strengthen the progress of Member Economies.

4. Private Sector Involvement

The challenges created by the New Economy emerge at many levels. Businesses of all sizes must enhance their capabilities to participate in and take full advantage of the global economy. In addition, the participation of businesswomen becomes more relevant every day for economic growth.

Individuals (both from their days as students and throughout their working lives) face the need to continually update their knowledge and skills as part of a life-long learning

society. The challenges require stakeholders to be innovative and to question traditional ways of thinking. A new concept of development is necessary to step-up human capacity building.

4.1 OBJECTIVES

4.1.1 To improve market performance in all APEC Economies through the participation of businesswomen and by the introduction of new technologies.

4.1.2 HCBSNE should place emphasis on the needs of the small, medium and micro enterprises and should recognize the important contributions of the informal sector to the economy.

4.1.3 To encourage private sector participation in human capacity building and infrastructure development, particularly in partnerships with governments and other civil-society organizations.

4.1.4 To foster human capacity building partnerships among all stakeholders that will promote greater productivity and competitiveness, a higher standard of living and quality of life, the strengthening of family life and shared prosperity.

4.1.5 To promote on an ongoing basis an understanding and use of ICT in business, the sharing of best practices in e-Commerce, the identification of priorities and design of tailor-made training consulting programs.

4.1.6 Encourage individuals, firms, academia and governments to allocate a larger share of resources to develop human resources.

4.2 PRIORITIES

4.2.1 The creation of measures to reduce barriers that hinder the spread of new technologies across the region.

4.2.2 Recognition that, where market failure occurs in relation to the New Economy, targeted and transparent regulation may be required.

4.2.3 Participation by industry is important to help identify skills needed and to provide mechanisms to address those needs.

4.2.4 Encourage the private sector to invest in education and bring innovative ideas and resources into the education system to improve access to affordable and quality education.

4.2.5 Facilitate businesswomen to improve their skills in the use of ICTs in order to increase their contribution to growth and welfare in all APEC Economies.

5. WELL-FUNCTIONING LABOR MARKETS

Labor organizations, including women's working associations, workplace conditions, labor-management relations, and efficient and equitable labor market policies are important facets of the New Economy. The role of labor as a stakeholder in the New Economy should be recognized and sound labor policies should be shared and promoted within the APEC region.

Developed economies have invested heavily in the development of their workforce's knowledge over several generations. Many developing economies are doing the same. Economic success is highly correlated with these investments. To ensure growth, shared equity is needed and social investments are required.

It is important to adapt the economy to achieve changes, provide an efficient and well-trained labor force, and prevent the under-deployment of human resources.

5.1 OBJECTIVES

5.1.1 To adopt efficient labor market policies, programs and services to move people into jobs and encourage adaptability.

5.1.2 To promote full understanding of the impact of transformations in workplace-practices that foster business adoption of new technologies and innovative work arrangements that facilitate labor force participation.

5.1.3 To provide an efficient and well-trained labor force that can adapt to the economy to achieve changes, as well as prevent the under-deployment of human resources.

5.1.4 To continue addressing lifetime employability through emphasizing life-long learning in APEC's education and human resources agenda, in recognition that, in times of rapid technological change, flexible labor markets are essential.

5.1.5 To encourage measures that promote an efficient labor market structured to take advantage of the New Economy and be based upon appropriate labor organizations, workplace conditions, employer-employee relations, and the facilitation of the mobility of trained people.

5.2 PRIORITIES

5.2.1 Economies should encourage the adoption by micro businesses and SMEs of new technologies and their related human capacity building requirements. Many micro businesses and SMEs, including the ones conducted by women in the region, have yet to benefit from the advantages of the New Economy.

5.2.2 Measures to take advantage of the Internet, including promotion of e-business and the encouragement of Internet access, should be considered both in terms of basic management skills including finance, human resource management, accounting and marketing, and knowledge of international trade regimes and international finance systems.

5.2.3 Develop labor supply policies and programs that include skill and knowledge development initiatives, active measures to help temporarily unemployed workers back into the workforce, policies protecting workplace conditions, and targeted programs.

5.2.4 Emphasize the need for recurrent training in order to respond to the innovation of technology and the need for skill development for workers who change their jobs.

ANNEX 9

Guidance on Strengthening the Management of APEC ECOTECH Activities

GUIDANCE ON STRENGTHENING THE MANAGEMENT OF APEC ECOTECH ACTIVITIES

Guidance to Fora and Project Overseers

1. Project proposals should state which of the six priorities listed in the *Manila Declaration* the project aims to serve and how. Activities that do not relate to any of the priorities should be exceptional and strongly justified.
2. Fora must ensure that the ECOTECH activities they propose and undertake are “goal-oriented with explicit objectives, milestones, and performance criteria” or contribute directly to a priority-wide framework that meets these requirements.
3. Activities should be highly focused and results-oriented. When process-oriented activities (workshops, surveys, reports, etc.) are still considered useful, the project application should clearly indicate how the results will be used to achieve focused, action-oriented outcomes, including how they will be factored into the forum’s collective work program (including follow-up ECOTECH work) and members’ IAPs.
4. Each forum that proposes ECOTECH activities is responsible for ensuring that it does not duplicate its own past, present or planned activities or those of other fora. Close and collegial coordination with other APEC fora is required to achieve this aim. Ambiguous situations may be referred to the ESC for advice on how best to achieve APEC-wide coordination.
5. Fora should strive for balance among the economies that organize and oversee ECOTECH activities, and should develop projects that have the active participation of a large number of economies. Fora are reminded that funding for government officials’ travel is only available in well-justified exceptional cases.
6. Fora are encouraged to share their own experiences of managing ECOTECH activities—successful and unsuccessful—and lessons learned with the ESC for dissemination to other fora.

Guidance for the BMC (formally the BAC)

7. The BMC is responsible for advising SOM on budgetary matters and those relating to management coordination among APEC fora, and therefore shares in the responsibility for implementing the *Manila Declaration*.
8. BMC ‘s review of applications for APEC-funded projects is a critical step in this process. In general, a more discerning approach is needed to minimise the kinds of problems identified by the evaluation of ECOTECH activities.
9. BMC should take into account the guidance contained herein in addition to the guidelines already established for reviewing project applications. In general, review of an activity’s results-orientation is as important as its compliance with established financial procedures.
10. The BMC representative of the economy proposing a project should be prepared to explain and defend the project in the BMC. This will enable the relevant APEC Secretariat director to provide independent advice on the project’s merits and

thereby remove a conflict of interest inherent in the *status quo*. (See paragraph 13.)

Guidance for the APEC Secretariat

11. The APEC Secretariat can provide valuable support to APEC fora that develop and implement ECOTECH activities and to the BMC's review of their merits.
12. In its consultation with project proponents and in the advice it provides to the BMC, the APEC Secretariat should be authorized and encouraged to comment on any aspect of a project it feels competent to address. For example, it should comment on issues of duplication, results-orientation or others noted above, as well as on financial procedures.
13. It is important in discharging this function that program directors should serve the APEC process as a whole, and not be influenced by the interests of any particular forum.
14. To improve coordination of ECOTECH activities, the APEC Secretariat should also make full use of its information-sharing role and exploit the capabilities of its new project database.

Guidance for Enhancing Business/Private Sector Involvement in ECOTECH Activities

15. Fora could invite business people, especially representatives from ABAC and regional trade and industry associations, to attend future meetings for policy dialogue on business recommendations relevant to the forum's ECOTECH agenda. This could include careful review of the relevant ABAC recommendations.
16. Fora could work together with business/private sector representatives to set priorities and develop collective work plans for the fora. They could review the justification for any elements of the plans that are not relevant to business needs and priorities.
17. Fora could seek to involve the business/private sector in all stages of the ECOTECH project cycle. This could include inviting business/private sector proposals for specific projects to realise the collective work plans; soliciting and taking into account business/private sector feedback on projects proposed by member economies; joint development of projects; inviting active business/private sector participation in project execution; seeking business/private sector representatives' evaluation of completed projects; and ensuring that such evaluations are fed back into the project development process. Once established, ABAC's Partnership for Equitable Growth could be one vehicle for facilitating such public-business/private sector collaboration.
18. Fora could invite business/private sector support—financial, in-kind or technical—for future cooperatively developed projects or those already in the pipeline that business considers relevant to its needs.
19. Each forum could consider how it could contribute to cross-cutting focused outcomes developed in collaboration with the business/private sector and involving other APEC fora.

20. Participation of the business/private sector will be in accordance with the existing Consolidated Guidelines on Non-Member Participation.

ANNEX 10

ECOTECH Weightings Matrix

**ECOTECH Weightings Matrix
(Revised - November 2000)**

[Enter project number and title]

Criteria	Supporting Information <i>(indicate paragraph number if details are in the project proposal)</i>	Linkage (1 point per criterion)
Responds to a <u>specific</u> instruction from Leaders/Ministers ¹		
Meets a core ECOTECH theme under the <i>Manila Declaration</i> ¹		
Responds to the Common Policy Concepts, Activities and Dialogues identified in Part II of the <i>Osaka Action Agenda</i> ¹		
Responds to a <u>specific</u> ECOTECH Initiative ²		
Improves skills, including in new technologies		
Builds capacity and strengthens institutions		
<u>Measurably</u> improves economic efficiency/performance ³		
Is of <u>practical</u> benefit to the private/business sector; has private/business sector <u>participation</u> ; and/or <u>funding</u> ⁴		
Assists economies attain sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being		
Supports a TILF objective, as laid down in Part I of the <i>Osaka Action Agenda</i> ¹		
Disseminates information including through seminars/websites/databases ⁵		
Outline the <u>outcome</u> and how members will benefit ⁵		
	Net Score	

Footnote

- ¹ Identify which instruction/ECOTECH theme/OAA element.
- ² See <http://www.apecsec.org.sg/ecotech/index.html>
- ³ Policy outcomes that include development of energy efficiency guidelines, food safety standards etc
- ⁴ One point for each element up to a maximum of 3 points.
- ⁵ Not scored

Remarks *(Please indicate if not applicable; e.g., for TILF projects. Additional information in support of projects which do not score highly may also be provided here by the Lead Shepherd/Chair).*

ANNEX 11

Workshop on ECOTECH and Capacity Building

APEC WORKSHOP ON ECOTECH AND CAPACITY-BUILDING: ASSISTING INTEGRATION INTO THE GLOBAL ECONOMY

**15 August 2002
Acapulco, Guerrero, Mexico**

Summary**

APEC has a strong basis for pursuing targets of shared prosperity based on the ECOTECH and capacity building activities in the Osaka Action Agenda and the Manila Framework for ECOTECH. The 'Workshop on ECOTECH and Capacity Building: Assisting Integration into the Global Economy' was held in Acapulco, Mexico on 15 August 2002. It built on a symposium on 'APEC Perspectives for 2002 and beyond' in December 2001 in Mexico City and the 'Dialogue on Globalisation and Shared Prosperity', which was held in Mérida, Mexico, in May 2002.

The Acapulco workshop did not seek to deal with process, such as which APEC forum does what and how they relate to each other. The presentations and discussions concentrated on the fundamentals and potential outcomes of APEC ECOTECH activities.

The opening address by Carole Brookins (US Executive Director, World Bank) referred to the over-arching objective of APEC:

"... to sustain the growth and development of the region for the common good of its peoples and, in this way, to contribute to the growth and development of the world economy" (Seoul APEC Declaration 1991, Clause 1(a))

APEC members can work together to promote that objective by sharing their experience to help and encourage each other to design and implement progressively better policies, particularly economic policies.

Ms Catherine Mann (Institute for International Economics) suggested APEC could classify those policies into four categories: financial depth, external openness, pro-competitive market rules and fiscal efficiency, including promoting openness to the outside world and encouraging competition in domestic as well as international markets. She concluded that:

- ECOTECH themes offer intermediate goals for policy makers;
- TILF projects are required to create tools to move toward those goals;
- Capacity building empowers people to use the tools and desire the goals; and
- Structural policy reforms shape the environment in which ECOTECH, TILF and capacity building efforts can achieve the ultimate goal of higher productivity of the global New Economy.

In order to sustain the political support required for designing and implementing good policies, APEC leaders need to help deliver (quoting Carole Brookins):

" real benefits to real people in real time."

* NOTE: The following does not seek to reflect all of the presentations to the workshop. The intention is to highlight some of the messages which emerged and may be useful as a follow-up on the workshop.

In practice, these benefits are reflected in better access to opportunities to earn income, whether through formal wage employment or by involvement in SMEs and micro-enterprises.

Creating such opportunities need, in turn, large investments in education, health communication, and other areas. The bulk of such investment will need to be made by the private sector or, in the case of public goods, by governments and development agencies.

Carole Brookins made it clear the World Bank was ready to work in partnership with APEC to attract outside resources that could build on good ideas coming from APEC working groups.

She, as well as Andrew Elek in his keynote address, underlined that APEC needs to better define its priorities. There needs to be some unifying targets and strategies to achieve them. One of those priorities will, of course, be to help implement trade and investment liberalisation and facilitation, which require large investment in human resource development.

The Mérida dialogue on globalisation and shared prosperity also raised the prospect of setting and achieving objectives which complement and help achieve the Bogor goal of free and open trade and investment by 2010/2020. In particular, Fred Bergsten recommended that APEC Leaders should:

“... adopt a Los Cabos target in 2002 of ‘shared prosperity in the region’ to parallel the Bogor commitment of 1994 to ‘free and open trade and investment in the region.’”

He also recommended that APEC should:

“... elevate the objective of equitable development to a status fully equivalent to that of free trade and investment”

The 15 August 2002 workshop was an opportunity to think about what that might mean. What APEC leaders can promote in this regard without diverting from the existing central objective of free and open trade and investment and, as the SOM Chair Gerardo Traslosheros put it:

“... without turning APEC into what it is not.”

Some speakers suggested that APEC should set out its objectives and goals more precisely along the lines of the example of the Brunei Darussalam vision:

“develop and implement a policy framework which will enable the people of urban, provincial and rural communities in every economy to have individual or community-based access to information and services offered via the internet” (APEC leaders declaration, 2000).

Speakers said that was important for several reasons:

- First, region-wide access to ICT is a worthwhile objective in its own right, which complements the drive towards free and open trade and investment.
- Secondly, objectives of this type when supported by implementation strategies may enhance APEC's credibility.
- Thirdly, implementing the Brunei Darussalam vision can provide us with a model for restructuring APEC so that it can deliver tangible results from ECOTECH.

Andrew Elek advocated that APEC should reaffirm this goal and develop a coherent strategy to achieve it. In Session III, the US SOM, Larry Greenwood, urged that APEC should draw together the many things it is doing which are relevant to the Brunei vision into a clear strategy. That strategy can then be implemented as a demonstration of how APEC can achieve objectives which complement free and open trade and investment.

In Session II, there were several important presentations on social safety nets, which helped to clarify the nature and importance of measures to help those who bear the short-term adjustment costs of TILF. Social safety net policies can involve transitional assistance; wage insurance as well as better education and training programs. Some speakers suggested that building on the existing APEC work program, it may be possible to set meaningful objectives and strategies to achieve them, after thinking through where and how, APEC could add value. Potentially, such social safety net measures could also be implemented in partnership with international financial institutions that are concerned with those issues.

Carole Brookins recommended that a round-table meeting with the international financial institutions should be convened as soon as possible to advance potential partnerships with APEC.

It is beyond the scope of this paper to summarise all of the other presentations, ideas and proposals that emerged from the workshop in detail. However, the following are three issues that deserve further consideration.

- In his opening remarks, Andrew Elek suggested that APEC should apply strict and serious selection criteria before adding any new target to existing ones, such as the Bogor goal and the Brunei Darussalam ICT vision.
- At the workshop, there was, yet again, much discussion about the relation between TILF and ECOTECH. In Session III, Larry Greenwood proposed that the time had come to put the issue 'to rest'. He said that APEC is essentially about capacity building, to help design and implement better policies to promote economic integration and shared prosperity. A very significant part of such capacity building is to implement trade and investment liberalisation and facilitation, while other capacity building efforts (for example human capacity building for the New Economy and for deeper and safer financial systems) promote other goals complementary to TILF.
- APEC needs to be serious about monitoring and assessing its activities. Presentations by Richard Feinberg (from the APIAN network) and by Pedro Reyes from the Mexican delegation stressed the importance of objective and independent assessment.

**WORKSHOP ON ECOTECH AND CAPACITY BUILDING:
*Assisting integration into the Global Economy***

August 15, Acapulco, Guerrero, México

Agenda

8:30 – 9:00

Welcoming Remarks

*Mr. Gerardo Traslosheros
APEC SOM Chair*

Opening Address

*Ms. Carole Brookins
US Executive Director
World Bank*

9:00 – 9:30

Keynote Speech

*Mr. Andrew Elek
Researcher
The Foundation for Development Cooperation*

9:30 – 11:30 Session I

**Underlining the mutually reinforcing nature of TILF,
ECOTECH and Capacity Building**

Coordinator:

*Mr. Jeong Taik Lee
Executive Director
Korea Institute for Education
Korea*

- Creating capacities to reap the benefits of TILF
*Mr. Nigel Haworth
Professor
APEC Study Centre
University of Auckland
New Zealand*
- Effective coordination and delivery of trade related capacity building
*Ms. Mercedes Fitchett
Advisor to the U.S. Executive Director
The World Bank*
- Assisting integration into the Global Economy

*Mr. Howard Rosen
USA*

- Bridging liberalization, facilitation, capacity building and ECOTECH
*Mr. David Parsons
Director General
PECC International Secretariat*
- Access to the New Economy opportunities
*Ms. Catherine Mann
Senior Fellow
Institute for International Economics
USA*

11:30 – 13:30 Session II

Expanding the benefits of cooperation for growth and development

*Coordinator: Ms. Beris Gwynne
Executive Director
The Foundation for Development Cooperation
Australia*

- The Manila framework for Strengthening Economic and Technical Cooperation
*Mr. Federico Macaranas
Philippines*
- Globalization and shared prosperity
*Mr. Richard Feinberg
Director
APEC Study Centre
University of California
USA*
- Social safety nets and policies to protect disadvantaged groups
*Mr. Changyong Park
Director
Korea Institute for Health and Social Affairs*

*Mr. Michael Prince
University of Victoria
British Columbia*

- Establishing developmental objectives - Brunei's Internet access goals
*Mr. Andrew Elek
Researcher
The Foundation for Development Cooperation
Australia*

13:30 – 15:00 Lunch

15:00 – 17:00 Session III

Implementing the APEC vision

Coordinator: *Ambassador Elard Escala*
Chair
ECOTECH Sub-Committee

- Ensuring the implementation of ECOTECH and capacity building goals: Accountability, assessment and action

Ambassador Larry Greenwood
US Senior Official for APEC

Mr. Medhi Krongkaew
Faculty of Economics
Thammasat University
Thailand

Mr. Pedro Reyes
Special Advisor on APEC 2002 Affairs
Mexico

17:30 – 18:00 ***Concluding Session***

ANNEX 12

Glossary

GLOSSARY

ABAC	APEC Business Advisory Council
ACEC	APEC Cyber Education Consortium
AEF	APEC Education Foundation
AFS	APEC Food System
AICST	APEC International Centre for Sustainable Tourism
ANIE	APEC Network on Innovation and Entrepreneurship
AOMM	APEC Ocean-related Ministerial Meeting
APCIC	Asia-Pacific Chemical Industry Coalition
APEC	Asia-Pacific Economic Cooperation
APIAN	APEC International Assessment Network
APII	Asia-Pacific Information Infrastructure
ASTIC	APEC Agenda for Science and Technology Industry Cooperation into the 21 st Century
ATCWG	Agriculture Technical Cooperation Working Group
BMC	Budget and Management Committee
CBN	Capacity Building Network
CCNA	Cisco Certified Network Associate
CCNP	Cisco Certified Network Professional
CCS	Core Characteristics Survey
CEPI	Consumer Education and Protection Initiative
CPC	Common Policy Concepts
CTI	Committee on Trade and Investment
EAP	ECOTECH Action Plan
EBN	Energy Business Network
EC	Economic Committee
ECOTECH	Economic and Technical Cooperation
EDNET	Education Network
EESSI	European Electronic Signatures Standards Initiative
e-IAP	Electronic Individual Action Plan
EID	Emerging Infectious Diseases
ESC	ECOTECH Sub-Committee of the SOM
EVSL	Early Voluntary Sectoral Liberalization
EWG	Energy Working Group
FEEEP	Impact of Economic Growth and Expanding Population on Food, Energy, and Environment
FWG	Fisheries Working Group
GEI	Group on Economic Infrastructure
GIS	General Information System
GPS	Global Position System
GSTAB	Gender Science and Technology Advisory Board

HCB	Human Capacity Building
HCBCG	Human Capacity Building Coordinating Group
HCBPP	Human Capacity Building Promotion Program
HCBSNE	Human Capacity Building Strategy for the New Economy
HRDWG	Human Resources Development Working Group
IAP	Individual Action Plan
ICT	Information and Communication Technology
ISO	International Organization for Standardization
ISTWG	Industrial Science and Technology Working Group
ITS	Intelligent Transport Systems
JIRCAS	Japan International Research Center for Agricultural Sciences
KBE	Knowledge-Based Economy
KCH	Knowledge Clearing House
KSN	Knowledge Sharing Network
KSRPD	Korean Society for Rehabilitation of Persons with Disabilities
LSPN	Labor and Social Protection Network
MRAM	Mutual Recognition Arrangement Management
MRCWG	Marine Resources Conservation Working Group
MTWP	Medium-term Work Plan (ISTWG)
NetSDC	Network of Skills Development Centres
NGO	Non-Governmental Organization
OAA	Osaka Action Agenda
OCP	Oracle Certificate Professional
OECD	Organization for Economic Cooperation and Development
PATA	Pacific Asia Travel Association
PBEC	Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Council
QMS	Quality Management Systems
RDEAB	Research, Development and Extension of Agricultural Biotechnology
REDI	Renewable Energy Development Initiative
RGC	Regional Growth Centre
RISE	Regional Integration for Sustainable Economies
RRTs	Round Robin Tests (ISTWG)
S&T	Science & Technology
SCJP	SUN Certified Java Programmer
SCSC	Standards and Conformance
SELI	Strengthening Economic Legal Infrastructure Coordinating Group
SETC	State Economic and Trade Commission
SMEs	Small and Medium-sized Enterprises
SMEWG	Small and Medium-sized Enterprises Working Group

SMIDP	Small and Medium Industries Development Plan
SMTE	Small and Medium Tourism Enterprise
SOM	Senior Officials' Meeting
SPAN	APEC Integration Plan of Action for SME Development
STIPs	Science and Technology Industrial Parks
SWAT	Sea Watch in Asia Pacific with Telemetry
TELWG	Telecommunications and Information Working Group
TILF	Trade and Investment Liberalisation and Facilitation
TIN	Tourism Information Network
TOR	Terms of Reference
TPO	Trade Promotion Organizations
TPTWG	Transportation Working Group
TPWG	Trade Promotion Working Group
TSA	Tourism Satellite Accounts
TWG	Tourism Working Group
WTTC	World Travel and Tourism Council
YIV	Youth Internet Volunteer