

Asia-Pacific Economic Cooperation

Key APEC Documents 2002

APEC Secretariat

December 2002

INTRODUCTION

Key APEC Documents 2002 is the ninth in a series produced by the APEC Secretariat to provide a reference set of the key policy decisions and initiatives endorsed by APEC Leaders and Ministers each year. Collectively, these documents set the framework and priorities of APEC's annual work programmes.

This issue presents a compilation of the statements from each of the APEC Ministerial Meetings held throughout 2002 together with the APEC Economic Leaders' Declaration from their recent Los Cabos meeting and associated Leaders' Statements on a series of topical issues including: implementation of transparency standards; policies on trade and the digital economy and fighting terrorism and promoting growth. Also contained in this issue is the recently updated text of the Osaka Action Agenda(OAA) which has been revised to incorporate New Economy developments and an additional chapter on strengthening economic legal infrastructure.

Documents contained in this and earlier editions are all accessible via the main APEC website www.apecsec.org.sg which also offers a variety of information on the activities of APEC.

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Executive Director Designate
APEC Secretariat

December 2002

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10TH APEC ECONOMIC LEADERS' DECLARATION

**Los Cabos, Mexico
27 October 2002**

We gathered in Los Cabos for the 10th annual APEC Economic Leaders' Meeting to strengthen economic growth by implementing the APEC vision of free, open and prosperous economies. We agreed on the importance of fighting terrorism, which poses a profound threat to our vision. We resolved to continue and accelerate progress towards the achievement of the Bogor goals as a central element to deliver our ultimate goal of equitable and shared prosperity, and concurred on the need to maximize political support for the pursuit of free and open trade and investment.

We acknowledged that APEC is engaged in the implementation of important measures, consistent with the theme of this year's meeting "Expanding the Benefits of Cooperation for Economic Growth and Development – Implementing the Vision." We are determined to translate our APEC vision into concrete benefits for the wider APEC community through greater assessment, accountability and action. We affirmed our commitment to a more inclusive world economy, notably through our individual and joint efforts on micro-enterprises, access to information, human capacity building, financing and health.

Implementing the APEC Vision of Free and Open Trade and Investment

We discussed the fundamental contribution of trade to economic growth, and the need for APEC to strongly support the multilateral trading system, while implementing our commitments.

- We called on Ministers to continue negotiations that will open markets and enhance the multilateral trading system, foster economic growth and poverty reduction particularly in developing economies, promote sustainable development, improve disciplines, improve WTO coherence with other institutions, and provide opportunities for all citizens of the world.
- We welcomed the launch of new multilateral trade negotiations in Doha and encouraged all economies to pursue substantive negotiations in all areas of the Doha Development Agenda (DDA) by the agreed timelines to ensure that the deadline of 1 January 2005 to conclude such negotiations is met. We called for progress across all areas in the lead-up to the 2003 WTO 5th Ministerial Conference in Cancun.
- We agreed that these negotiations hold the prospect of real gains for all economies, and particularly developing economies, in the areas of agricultural reform, improved market access for goods and services, and clarification and improvement of trade disciplines.
- We agreed that one of the objectives of the negotiations should be the abolition of all forms of agricultural export subsidies, and unjustifiable export prohibitions and restrictions.
- We also remain committed to on-going work in the negotiating group on rules. Such negotiations are aimed at clarifying and improving disciplines under the Agreements on the Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these agreements and their instruments and objectives.
- We agreed that APEC should further contribute to the DDA negotiations by encouraging and coordinating confidence building activities in all areas of the agenda, including investment, competition, trade facilitation, transparency in government procurement, and trade and environment.

- We welcomed work in APEC to ensure all economies develop the capacity to participate effectively in the DDA negotiations. We encouraged the WTO to build on APEC's leadership towards more effective and coherent programs and delivery of trade-related technical assistance.
- We supported the early accession of Russia and Viet Nam to the WTO.
- We called for an exchange of views in APEC on regional and bilateral trade agreements, noting that these agreements need to be consistent with WTO rules and disciplines and APEC's goals and principles.

We discussed how to implement pro-growth policies in the Asia-Pacific region. Last year we agreed on an updated vision for APEC in the Shanghai Accord that stressed implementation of commitments to expand trade and investment, broadened the basic mission to include new economic developments, and underscored the need for economic and technical cooperation.

We recognized the significant progress made during this year and acknowledged the importance of the timely implementation of the Shanghai Accord, which will advance our commitment to achieve the Bogor goals and support the multilateral trading system. Today, in Los Cabos, we:

- Endorsed the APEC Trade Facilitation Action Plan which will implement our commitment to cut transaction costs by five percent in the APEC region by 2006. We recognized the significant economic and trade benefits which can accrue from trade facilitation and took special note of the Action Plan's call for providing appropriate capacity building assistance to developing economies. We directed our Ministers to continue moving forward with the selection and implementation of trade facilitating actions and measures and to assess the benefits of associated transaction cost reductions.
- Adopted the attached Statement to Implement APEC Transparency Standards, and directed that these standards be implemented as soon as possible, and in no case later than January 2005. We agreed that economies that may implement these standards earlier, under domestic law or an international agreement, will accord their benefits immediately to all APEC economies.
- Endorsed Pathfinder Initiatives on advance passenger information systems; the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures; electronic SPS certification (e-cert); electronic certificates of origin; mutual recognition arrangement of conformity assessment on electrical and electronic equipment parts II and III; and corporate governance.
- Adopted the attached Statement to Implement the APEC Policies on Trade and the Digital Economy, which contains a set of targets related to trade policies for the New Economy, also as a pathfinder initiative.
- Urged all APEC members to consider participating in these initiatives and instructed officials to continue to identify pathfinder initiatives that will deliver real benefits to APEC members.
- Praised the strengthened Peer Review process of the Individual Action Plans for monitoring our process to achieving the Bogor goals.
- Endorsed the broadened Osaka Action Agenda, which reflects our strong commitment to the achievement of the Bogor goals, while responding to changes in the global and regional economy.

Strengthening Economic Fundamentals

We discussed economic recovery and noted that uncertainties on the strength and pace of the expansion still remain. In this context, it is crucial to strengthen the soundness and efficiency of financial systems, particularly through better credit culture and strengthening of banking supervision,

and to continue with broader structural, regulatory and institutional reform, which complement open market policies, promote sustained economic growth and good governance, withstand economic shocks and create a better business environment for all.

- We welcomed the outcomes of the Ninth Finance Ministers' Process. We firmly believe that prudent and transparent fiscal management will help maintain macroeconomic stability, lower interest rates and raise economic growth.
- We resolved to work towards avoiding structural fiscal deficits and enhancing the efficiency of public expenditure.
- We agreed to promote more openness, diversity, and competitiveness in our financial markets, including through the development of regional bond markets. In this connection, we commended the Finance Ministers' initiative to organize policy dialogues to identify impediments to the development of securitization and credit guarantee markets and to develop detailed action plans and report progress to APEC Leaders in 2003.
- We recognized that adequate levels of savings are necessary for economic stability and growth, and that it is essential to put in place the institutional framework and structural reforms that allow the most efficient allocation of savings so that both domestic and foreign savings are channeled into productive investment.
- We resolved to strengthen trust in markets and investor confidence by implementing measures to improve corporate governance standards and practices in APEC member economies and promote the transparency of policies affecting trade and investment. We recognized the need for member economies to regularly review their corporate governance practices to reflect the changing market environment.
- We welcomed the implementation of the e-APEC Strategy and called for accelerated work to put in place sound macroeconomic policies, a legal and regulatory regime that will stimulate investment and technology development to promote e-business and broadband networks, and programs to ensure that our people have access to the Internet and the skills to use it.
- We endorsed the commitment of APEC Energy Ministers to energy market reform and greater transparency to attract the significant private investment needed to ensure that our region's growth and development goals are supported by adequate energy infrastructure.
- We acknowledged the importance of structural reform in achieving trade and investment liberalization and facilitation and agreed to further promote dialogue and work in this area.

Counter-Terrorism and Economic Growth

We discussed the challenge posed to the region's security and prosperity by terrorist organizations, noting the need to strengthen security while maintaining the smooth flow of goods, capital and people that has been key to the region's economic growth. We welcomed the efforts of member economies and APEC fora in response to the 2001 Leaders' Statement on Counter-terrorism.

- We condemned in the strongest terms recent terrorist acts in the APEC region, and reaffirmed our determination to enhance cooperation on countering and responding to terrorism.
- We adopted the Los Cabos Statement on Fighting Terrorism and Promoting Growth, in which we commit to taking a series of concrete steps that will protect and make more efficient the flows of trade, finance, and information.
- We called for the development of capacity building programs to assure that all economies are able to implement all elements of the statement.
- We also endorsed the strengthening of energy security in the region under the mechanism of

the APEC Energy Security Initiative, notably the reporting of monthly oil data, which was highly commended by the 8th International Energy Forum, last September.

Towards Equitable and Shared Prosperity

We discussed APEC's work on capacity building and economic and technical cooperation. In order to enhance our accountability, we instructed Ministers to improve the focus of our economic and technical cooperation and capacity building objectives and ensure that our actions are duly monitored and assessed, fully support APEC's trade and investment liberalization and facilitation goals and address the challenges of globalization.

We agreed on the need to build partnerships with international financial organizations and the private sector in the pursuit of APEC capacity building and economic and technical cooperation objectives.

We acknowledged that it is essential to assess our work to ensure that economic and technical cooperation and capacity building objectives are effectively implemented. The involvement of the APEC Secretariat in this work is fundamental, and we acknowledged the need to also involve other APEC stakeholders in this work such as ABAC, Women Leaders' Network and the APEC Study Centers.

We commended the realization of the Dialogue on Globalization and Shared Prosperity as a central effort to discuss the benefits and challenges of globalization in a constructive manner.

- We noted the importance of addressing the social dimensions of globalization and acknowledged the need for developing social safety nets to minimize the costs of structural change.
- We recognized that globalization is the driving force of economic progress and agreed on the need to aim our economic and technical cooperation activities to empower people, as well as micro, small and medium enterprises, through improved access to information, human capacity building, financing and health care.
- We noted that Internet use in APEC had more than doubled since we set our connectivity goal in Brunei in 2000. We reiterated our commitment to realizing our goal of universal access by the year 2010 and we recognized the importance of focusing on further action on connectivity for rural areas; micro, small and medium enterprises; women; youth; and the disabled.
- We noted the contribution of the e-APEC Strategy, the Beijing Initiative on Human Capacity Building and the APEC Human Capacity Building Strategy for the New Economy as an effective response to the need for transforming the digital divide into a digital opportunity. We welcomed the expansion of cyber-education and called for more activities aimed at improving teacher quality, promoting language study and facilitating more use of distance learning. We also welcomed significant progress in the revitalization of the APEC Education Foundation and expansion of the Consortium for APEC Cyber Education Cooperation.
- We welcomed the outcomes of the Meeting of Ministers Responsible for SMEs and noted the progress on the APEC Integrated Plan of Action for the Development of SMEs (SPAN), including the incorporation of micro-enterprises development issues. We also acknowledged the substantial contribution of micro, small and medium enterprises to trade and economic development in the APEC region. In this context, we called on ministers and officials to develop programs to remove obstacles inhibiting their growth, including as regional exporters.
- We welcomed the outcomes of the High Level Meeting on Micro-enterprises and believe that attention to micro-enterprises is key to making progress towards our objectives of gender equity, economic growth, poverty alleviation, and the strengthening of social safety nets. We welcomed the decision made by the Ministers Responsible for SMEs to establish a sub-group for micro-enterprises development. We call for coordination in developing the sub-group's

action plan, taking into account the work being conducted by relevant APEC fora and other APEC stakeholders.

- We agreed that micro-financing is crucial for the expansion of micro-enterprises, and we praise efforts to develop and promote market-based micro-finance to assure micro and small businesses and entrepreneurs have access to capital. We agreed that government action should create an enabling policy environment and a legal and regulatory framework for the growth and expansion of sound and sustainable micro-financing intermediaries, fostering their gradual and full integration into the domestic financial system.
- We acknowledged that investing in health will benefit economic growth, worker performance and productivity, and poverty alleviation. We need to be more effective with our investment at every stage of the health care process, including primary prevention against disease risks, and focusing on most vulnerable populations.
- We instructed Ministers to build on work underway to establish a regional public health surveillance network and an early warning system to monitor and respond to critical disease outbreaks in the region, and critical threats such as bio-terrorism.
- We directed Ministers to assist developing economies to build the capacity to establish their own self-sustaining health-care services accreditation regimes.
- We called for the establishment of a life-sciences innovation forum comprising government, private sector, and academia representatives to develop a strategic plan for life-sciences innovation in the region. This should include, as a priority, addressing the challenges of risk detection and prevention, treatment and cure of the communicable and lifestyle diseases which afflict our people.

We pledged to accelerate the safe use of biotechnology products based on sound science and welcomed the conclusion of the first Agricultural Biotechnology Dialogue. We called for capacity building initiatives that support our goals.

We recognized that a healthy environment and a focus on the quality of life of our citizens are essential to sustainable economic growth. In this regard, we welcomed the contribution of APEC Energy Ministers, Ministers responsible for ocean related matters and other APEC fora to the World Summit on Sustainable Development (WSSD). We agreed to continue making valuable contribution and follow-up work to the WSSD. We commended progress under the 21st Century Renewable Energy Development Initiative, and noted the importance of oceans for food security and sustainable economic development.

Reaching Out to our Communities

We discussed efforts to engage in meaningful dialogue with our communities, particularly business people, women, and youth. We also discussed the need to involve a larger community in APEC's activities.

- We welcomed the work of Ministers in updating APEC guidelines on non-member participation to make them more encouraging of genuine engagement with our communities and directed Ministers to implement the guidelines by ensuring APEC fora are proactive in identifying and engaging outside organizations.
- We welcomed ABAC's report on "Sharing Development to Reinforce Global Security". We place great value on ABAC's contribution to the APEC agenda and have instructed Ministers to consider the report carefully. We noted that APEC is already pursuing a number of initiatives identified by ABAC in areas such as counter-terrorism, corporate governance, promotion of micro-enterprises development and support for the WTO Doha Development Agenda.

- We endorsed APEC's work on gender issues and welcomed the recommendations of the Second Ministerial Meeting on Women. We recognized the need to eliminate gender inequalities in social and economic life, particularly recognizing the value of the multiple roles that women play in the economy. We also recognized the unique challenges globalization presents for women, including indigenous women.
- We welcomed the outcomes of the APEC Young Leaders' and Entrepreneurs Forum with Social Responsibility, which provided a valuable opportunity for young entrepreneurs to discuss the opportunities afforded by the new economy.
- We reaffirmed our belief in APEC's fundamental principles, including voluntarism, consensus-building, individual and collective actions, flexibility, and open regionalism.

LEADERS' STATEMENT TO IMPLEMENT APEC TRANSPARENCY STANDARDS

Los Cabos, Mexico
27 October 2002

We, the Economic Leaders of APEC, reaffirm the commitment made last year in the Shanghai Accord to pursue implementation of APEC's transparency principles. In so doing, we observe that transparency:

is an important element in promoting economic growth and financial stability at the domestic and international levels;

is conducive to fairer and more effective governance and improves public confidence in government;

is a General Principle in the Osaka Action Agenda which requires its application to the entire APEC liberalization and facilitation process;

is a basic principle underlying trade liberalization and facilitation, where the removal of barriers to trade is in large part only meaningful to the extent that the members of the public know what laws, regulations, procedures and administrative rulings affect their interests, can participate in their development, can participate in administrative proceedings applying them and can request review of their application under domestic law;

in monetary, financial and fiscal policies, and in the dissemination of macroeconomic policy data ensures the accountability and integrity of central banks and financial agencies, and provides the public with needed economic, financial and capital markets data; and

will be enhanced through well-targeted, demand-driven capacity building to assist developing economies make progress toward greater openness.

Accordingly, we are committed to implementing the following transparency standards, taking into account the General Principles in the Osaka Action Agenda. We recognize that implementation of these standards will be an important APEC-led contribution to achieving a successful outcome for the WTO Doha Development Agenda.

Transparency in Trade and Investment Liberalization and Facilitation

General Principles

1. (a) Each Economy will ensure that its laws, regulations, and progressively, procedures and administrative rulings of general application respecting matters in Section C of Part One of the Osaka Action Agenda are promptly published or otherwise made available, for example via the Internet, in such a manner as to enable interested persons and other Economies to become acquainted with them.
- (b) Each Economy will have or designate an official journal or journals and publish any measures referred to in paragraph 1 in such journals. Each Economy will publish such journals on a regular basis and make copies of them readily available to the public.
- (c) An Economy may comply with subparagraph (a) by publication on the Internet.
- (d) Each Economy will promote observance of the provisions of this paragraph by the regional and local governments and authorities within its customs territory.

2. When possible, each Economy will:
 - (a) publish in advance any measure referred to in paragraph 1 that it proposes to adopt; and
 - (b) provide where applicable interested persons a reasonable opportunity to comment on such proposed measures.
3. Upon request from an interested person or another Economy, an Economy will endeavor to promptly provide information and respond to questions pertaining to any actual or proposed measure referred to in paragraph 1.
4. Each Economy will ensure in its administrative proceedings applying any measure referred to in paragraph 1 that:
 - (a) wherever possible, persons of another Economy that are directly affected by a proceeding are provided reasonable notice, in accordance with domestic procedures, when a proceeding is initiated, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated and a general description of any issues in controversy;
 - (b) such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action, when time, the nature of the proceeding and the public interest permit; and
 - (c) its procedures are in accordance with domestic law.
5. Where warranted, each Economy will ensure that appropriate domestic procedures are in place to enable prompt review and correction of final administrative actions, other than those taken for sensitive prudential reasons, regarding matters covered by these Standards, that:
 - (a) provide for tribunals or panels that are impartial and independent of any office or authority entrusted with administrative enforcement and have no substantial interest in the outcome of the matter;
 - (b) provide parties to any proceeding with a reasonable opportunity to present their respective positions;
 - (c) provide parties to any proceeding with a decision based on the evidence and submissions of record or, where required by domestic law, the record compiled by the administrative authority; and
 - (d) ensure, subject to appeal or further review under domestic law, that such decisions are implemented by, and govern the practice of, the offices or authorities regarding the administrative action at issue.
6. For purposes of these Standards, administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and fact situations that fall generally within its ambit and that establishes a norm of conduct but does not include: (a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good or service of another Economy in a specific case; or (b) a ruling that adjudicates with respect to a particular act or practice.

Specific Principles

7. Consistent with the above Standards, Economies will follow the transparency provisions contained in the following documents:

- (a) APEC Group on Services Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment;
 - (b) APEC Investment Experts Group Options for Investment Liberalization and Business Facilitation to Strengthen the APEC Economies-For Voluntary Inclusion in Individual Action Plans;
 - (c) APEC Government Procurement Experts Group Non-Binding Principles on Government Procurement;
 - (d) APEC Principles to Enhance Competition and Regulatory Reform;
 - (e) APEC Sub-Committee on Standard and Conformance objective to ensure transparency according to the WTO Agreements on Technical Barriers to Trade and Sanitary and Phytosanitary Measures, and the SCSC 1994 Declaration of an APEC Standards and Conformance Framework and 1998 Terms of Reference; and
 - (f) APEC Principles on Trade Facilitation.
8. (a) APEC sub-fora that have elaborated the above transparency provisions should review these regularly and, where appropriate, improve, revise or expand them further.
- (b) APEC sub-fora that have not developed specific transparency provisions should do so.
- (c) APEC Sub-fora that develop such new or revised transparency provisions should present them to Leaders upon completion for incorporation into this Statement.

Transparency in Monetary, Financial and Fiscal Policies and the Dissemination of Macroeconomic Policy Data

9. Prior to our agreement in the Shanghai Accord to implement APEC transparency principles, we agreed in Brunei Darussalam in 2000 to support the key standards identified by the Financial Stability Forum. Three of these key standards focus on transparency:
- (a) Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles;
 - (b) Code of Good Practices on Fiscal Transparency; and
 - (c) General and Special Data Dissemination Standards.
10. Following APEC Finance Ministers' decision to support the assessment of Economies' implementation of these transparency codes through the IMF-led Reports on the Observance of Standards and Codes (ROSCs), Economies are encouraged to participate fully in the ROSC program. As voluntary disclosure of ROSC modules promotes transparency, Economies should, where practicable, disclose the results of these assessments.

Confidential Information

11. The provisions of this Statement will not require any Economy to disclose confidential information where such disclosure would impede law enforcement, the enactment of laws, or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular persons or enterprises.

STATEMENT TO IMPLEMENT APEC POLICIES ON TRADE AND THE DIGITAL ECONOMY

Los Cabos, Mexico
27 October 2002

In Brunei in 2000, APEC Economic Leaders agreed to “continue to work toward pro-competitive and market based policy frameworks for liberalization in trade in telecommunications and IT services,” and in 2001 in Shanghai to develop trade policy targets for the new economy.

The exponential growth in Internet connectivity and use of electronic commerce as a channel for international business require the development of trade policies that promote a networked world. The trade agreements and rules we develop now will affect the world economy of the coming decades.

APEC Economies, as an important part of the world community, need to make constructive efforts to liberalize the trading environment with effective trade rules for the digital economy where products and services can be exchanged- using electronic networks free of tariffs and other barriers.

Accordingly, APEC economies agree to support implementation on a pathfinder basis of the following objectives, taking into account the general principles in the Osaka Action Agenda.¹

General Objectives

1. The digital economy should continue to flourish in a liberal and open trade environment, which will lead to greater development of e-commerce and economic growth.
2. Market access and national treatment commitments across a broad range of relevant goods and services sectors will promote trade in products and services using electronic networks.
3. Where legitimate policy objectives require domestic regulations that affect trade in products and services using electronic networks, such regulations should be transparent, non-discriminatory and least restrictive on trade, taking Economies' international commitments into account.
4. In light of the importance of liberalization in digital trade, Economies support a long term moratorium on customs duties on electronic transmissions.
5. Economies support demand-driven capacity building projects that promote trade and the digital economy, with a view to ensuring that developing Economies benefit fully from the new economy.

Specific Objectives

6. APEC Economies agree to take a collective leadership role in the WTO negotiations to pursue market openness in areas related to trade in the digital economy, including encouraging other WTO Members to pursue the same degree of openness that APEC Economies support in the following areas relevant to the digital economy:

¹ For non-WTO Members, implementation of paragraphs 7, 8, 9, 10, 11, 15 and 16 should not be viewed as reflecting the on-going process of accession to the WTO.

Services

7. Pursuant to the Shanghai Accord, APEC Economies identified and exchanged information on the following services related to electronic commerce: telecommunications and value added services, subscription video services (including via cable or satellite and excluding broadcasting), computer and related services, advertising, distribution (including products distributed electronically), express delivery, and video rental/leasing (including online rentals).

For services it identifies as critical to electronic commerce, each Economy will:

- (a) reduce progressively or eliminate limitations on the number of suppliers permitted to supply such services;
 - (b) reduce progressively or eliminate limitations on ownership and control that:
 - (i) prevent significant foreign investment in the supply of telecommunications services; and
 - (ii) prevent majority ownership or control of suppliers of other services; and
 - (c) otherwise accord market access and national treatment with a minimum of exceptions.
8. Each Economy will make offers in the WTO services negotiations on the services it identifies as critical to electronic commerce, recognizing that there are on-going WTO discussions on these issues.
9. Recognizing the need to implement pro-competitive regulatory reform in the telecommunications sector, Economies will adopt and implement as soon as possible the WTO Basic Telecommunications Reference Paper.
10. Any Economy that is not currently a WTO Member is, in its negotiations to accede to the WTO, encouraged to offer meaningful commitments for as many services critical to electronic commerce as possible, and agree to adopt and implement the WTO Basic Telecommunications Reference Paper.

Intellectual Property

11. In light of the importance of protecting intellectual property rights to promote trade in the digital economy, Economies will fully implement and enforce the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights.
12. Economies will ratify and fully implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty as soon as possible. If an Economy is a non-Member of WIPO, it will implement the provisions of these treaties as soon as possible. For any Economy in the process of reviewing accession or implementation, it will commit to completing that review as soon as possible.
13. Economies will ensure through adequate oversight mechanisms that their government entities use only legal software or other content.
14. Economies will to the largest extent possible ensure that the internet and e-commerce does not facilitate trade in infringing and counterfeit goods, and will put into place appropriate regulatory and enforcement systems aimed at curtailing these activities.

Tariffs

15. Economies will become participants in the Information Technology Agreement, and present their schedule of commitments to the WTO ITA Committee, as soon as possible. Any Economy that is not currently a WTO Member will, in its negotiations to accede to the WTO, consider becoming a participant in the Information Technology Agreement.
16. Economies will work toward eliminating tariffs on additional information technology products at the broadest level possible.
17. Economies will submit their annual tariff and trade data to the WTO Integrated Data Base. For any Economy that is not a WTO Member, it will submit equivalent data to the APEC tariff database as soon as possible.

Future Work

18. Recognizing the dynamic nature of the digital economy and the on-going need to ensure that our trade policies create incentives for creativity, growth and development, officials will:
 - (a) review Economies' progress in meeting the objectives set forth in this Statement and report to the 2003 Ministerial Meeting; and,
 - (b) pursue on an annual basis the process developed in the Shanghai Accord of exchanging information and setting trade policy targets in areas important for ensuring the free flow of trade and investment in the digital economy and report annually at the Ministerial Meeting.

List of participant economies

1. Brunei Darussalam
2. Hong Kong, China
3. Indonesia
4. Japan
5. Korea
6. Malaysia
7. Mexico
8. New Zealand
9. Papua New Guinea
10. Peru
11. The Philippines
12. Singapore
13. Chinese Taipei
14. Thailand
15. United States
16. Viet Nam

APEC LEADERS' STATEMENT ON RECENT ACTS OF TERRORISM IN APEC MEMBER ECONOMIES

**Los Cabos, Mexico
26 October, 2002**

Reaffirming the APEC Leaders Statement on Counter-Terrorism adopted in Shanghai, 21 October 2001 in light of the terrorist attack on 11 September 2001;

Acknowledging the need to immediately combat by all means, threats to international peace, security and economic sustainability of the region caused by terrorist acts;

APEC Leaders hereby:

1. condemn in the strongest terms recent terrorist acts in the APEC region, especially in Bali, Indonesia on 12 October 2002, and in the Philippines on 18 October 2002 which claimed a large number of innocent lives and injured so many people of different nationalities, as well as the seizure of a large group of people in Moscow, the Russian Federation, on 23 October 2002;
2. express their deepest sympathy and condolences to the victims and their families and to the Peoples and the Governments of Indonesia, Australia, the Philippines, and the Russian Federation, as well as from other economies;
3. highly commend the determination by the Governments of Indonesia, the Philippines, and the Russian Federation and their prompt and decisive efforts to find and bring the perpetrators, organizers, and sponsors of such terrorist attacks to justice;
4. welcome the issuance of the Emergency Decree on Anti Terrorism by the Indonesian Government and appeal to all member economies to take actions in supporting efforts to examine, investigate and ensure due process of law to any individuals or groups in connection to this despicable terrorist act, with full respect of human rights;
5. reaffirm that terrorism in all its forms and manifestations committed wherever, whenever and by whomsoever, constitutes a brutal and heinous act of violence that contravenes the applicable law, religious beliefs and the fundamental values of APEC members; and a direct challenge to APEC's vision of free, open and prosperous economies;
6. welcome the adoption of the UN Security Council Resolution 1440, 1438 and 1373 and appreciate ongoing cooperation and support amongst member economies to combat terrorism and deal with the consequences of terrorist acts and prevent further terrorist attacks in the APEC region;
7. continue to lead the charge in ending the threat of people smuggling, money laundering, illegal trafficking of drugs and arms which contribute to terrorism in order to ensure stability, security, economic growth and sustainability for a sound and prosperous community of Asia Pacific economies;
8. encourage joint efforts of APEC economies in mitigating the adverse impact of terrorist attacks in the affected economies;
9. call for strengthened international cooperation to support the region's efforts to eliminate terrorism and restore economic confidence in the region.

APEC LEADERS' STATEMENT ON FIGHTING TERRORISM AND PROMOTING GROWTH

**Los Cabos, Mexico
26 October 2002**

One year ago in Shanghai, meeting in the shadow of the attacks of September 11, 2001, we condemned international terror in the strongest terms and resolved to strengthen our cooperation in combating terror. In the year since, much has been accomplished. Yet much more remains to be done, and today we declare our strong commitment to put in place - as soon as possible - specific, additional measures needed to fully implement the broad principles we stated in the Shanghai Counter-Terrorism Statement.

The recent terrorist bombing in Bali, Indonesia carried out on October 12, 2002 reminds us of terrorism's brutality and the global imperative to oppose and fight this threat wherever it may be found. We condemn this mass slaughter of the innocent, many of whom were Indonesian and Australian citizens, and offer our deepest sympathies and condolences to the victims and their families.

Terrorism is a direct challenge to APEC's goals of free, open and prosperous economies and an affront to the fundamental values that APEC members share. We are united in our determination to end the threat that terrorism poses to our shared goals and committed to accelerate our progress towards the anti-terror goals and programs set forth last year in Shanghai.

Progress Since Shanghai

A year ago, we promised to strengthen cooperation at all levels in combating terrorism in a comprehensive manner and to faithfully implement our obligations under the United Nations. Since Shanghai, we have made important progress in working individually, bilaterally, regionally and globally, to meet our United Nations obligations, break up terrorist cells, and disrupt terrorist financing.

We are implementing the measures called for in relevant U.N. Security Council Resolutions, and are putting in place the legal and regulatory mechanisms to implement Resolution 1373.

Each of the relevant members of APEC has signed and ratified — or is proceeding to ratify immediately — the International U.N. Convention for the Suppression of the Financing of Terrorism.

We have established improved subregional and regional counter-terrorism mechanisms, significantly increasing the sharing of information between enforcement and intelligence officials.

We have upgraded security at the region's major ports and airports.

Collectively, we are working in APEC to introduce more effective baggage screening in airports in the region, improve coordination between immigration officials, implement new cyber security standards, advance the Energy Security Initiative to address disruptions in energy markets, and enhance anti-piracy cooperation.

Joint Commitment to Fully Implement Shanghai Counter-terror Statement

These measures have made important contributions to the fight against global terror. But more is needed. As we accelerate our progress against terrorism, APEC economies must also move to meet the challenge of encouraging global economic growth and bringing the benefits of global markets to all our peoples.

Consequently, we must grow our economies even as we protect our borders and find new ways to secure our key economic infrastructure from terrorist attacks.

Accordingly, we, the Leaders of APEC, agree to the following additional joint actions to fully implement the broad commitments we made last year in Shanghai. We endeavor to ensure that key Pacific Rim infrastructure in the areas of trade, finance and information systems is protected by:

Enhancing Secure Trade in the APEC Region (“STAR”)

APEC represents 60 percent of the world’s GDP and half of its trade. Most of the world’s top megaports are in APEC economies, as are most of the world’s busiest airports. We will work together to secure the flow of goods and people through measures to:

- **Protect cargo by**
 - Implementing expeditiously a container security regime that would assure in-transit integrity of containers, identify and examine high-risk containers, and working within international organizations to require the provision of advance electronic information on container content to customs, port, and shipping officials as early as possible in the supply chain, while taking into consideration the facilitation of legitimate trade.
 - Implementing by 2005 wherever possible the common standards for electronic customs reporting developed by the World Customs Organization that provide data to target high-risk shipments and facilitate trade.
 - Promoting private-sector adoption of high standards of supply chain security, as developed by the private sector and law enforcement officials.
- **Protect ships engaged in international voyages by**
 - Promoting ship and port security plans by July 2004 and installation of automatic identification systems on certain ships by December 2004.*
 - Enhancing cooperation on fighting piracy in the region between APEC fora and organizations such as the International Maritime Bureau Piracy Reporting Center and International Maritime Organization (IMO).
- **Protect international aviation by**
 - Improving airline passenger and crew safety by introducing, highly effective baggage screening procedures and equipment in all APEC international airports as soon as possible, and in any case by 2005; accelerating implementation of standards for reinforced flight deck doors for passenger aircraft by April 2003 wherever possible; and supporting International Civil Aviation Organization (ICAO) mandatory aviation security audits.
 - Enhancing air cargo security by promoting adoption of the guidelines developed by ICAO and the International Air Transport Association (IATA).
- **Protect people in transit by**
 - Implementing as expeditiously as possible a common global standard based on UN EDIFACT for the collection and transmission of advance passenger information.
 - Adopting standards for application of biometrics in entry and (where applicable) exit procedures and travel documents such as those being developed by the ICAO and the International Standards Organization.
 - Assuring the highest possible integrity of all government officials who are involved in border operations.

* Russia supports promoting ship and port security plans by July 2004 and installation of Automatic Identification Systems on certain ships by December 2004, but notes that technical issues relating to Russia may require extending the timeframe to no later than December 2006.

Halting Terrorist Financing

We will jointly work to deny terrorists access to the world's financial system and use the money trail to locate and apprehend terrorists, in line with the comprehensive approach adopted by our Finance Ministers in September, including through measures to:

- **Fully implement U.N. and other international instruments by**
 - Endeavoring to ratify the International Convention for the Suppression of the Financing of Terrorism no later than October 2003.
 - Implementing quickly and decisively all measures needed to prevent terrorists and their supporters from accessing the international financial system, as called for in U.N. Security Council Resolutions 1373 and 1390. These measures include:
 - effective blocking of terrorist assets;
 - criminalization of the financing of terrorism;
 - increased efforts to investigate and prosecute money launderers and terrorist financiers;
 - preventive steps to protect the integrity of the financial system by regulating and supervising the financial sector consistent with international standards;
 - joint identification and designation of targets of regional interest.
 - Supporting the FATF's Eight Special Recommendations on terrorist financing and pledging to comply as quickly as possible with the recommendations; calling on the IMF and World Bank, in coordination with FATF, to begin conducting integrated and comprehensive assessments of countries' efforts to implement these recommendations and identifying jurisdictions which need technical assistance.
- **Promote better monitoring of alternative remittance systems and non-profit organizations by**
 - Supporting the work of APEC finance officials and regional bodies on alternative remittance systems, including an analysis of the factors that encourage their use.
 - Protecting non-profit organizations and well-meaning donors from having their funds misused by terrorist financiers, and endorsing FATF's recently announced best practices for preventing abuse of charitable institutions by terrorists.
- **Enhance law enforcement and regulatory capabilities by**
 - Establishing or identifying by October 2003 a financial intelligence unit (FIU) in each member economy, and taking steps to enhance information sharing with other FIUs.
 - Supporting private sector initiatives such as the Wolfsberg Statement on the Suppression of the Financing of Terrorism and endorsing cooperation between financial institutions and governments.

Promoting Cyber Security

Citizens of APEC economies now account for over half of the world's Internet users. The global communications network is only as secure as its weakest link, and we collectively commit to:

- Endeavor to enact a comprehensive set of laws relating to cybersecurity and cybercrime that are consistent with the provisions of international legal instruments, including United Nations General Assembly Resolution 55/63 (2000) and Convention on Cybercrime (2001), by October 2003.
- Identify national cybercrime units and international high-technology assistance points of contact and create such capabilities to the extent they do not already exist, by October 2003.
- Establish institutions that exchange threat and vulnerability assessment (such as Computer Emergency Response Teams) by October 2003.

We also call for closer cooperation between law enforcement officials and businesses in the field of information security and fighting computer crime.

Implementation and Capacity Building

Building an APEC region - and a global economic system - that is both more secure and more efficient is a monumental undertaking - and one that is critically important to the peace and prosperity of our planet. Success in fulfilling this vision will require enhanced cooperation, new procedures, and greater use of advanced technology.

We call on APEC officials to continue to cooperate in implementation of the joint actions outlined above and monitor progress of implementation. It is also important that all APEC economies develop the capacity to participate fully in this endeavor. Accordingly Leaders commit to work cooperatively to build capacity throughout the region so that all economies can benefit from the resulting gains in security and prosperity.

To build on the considerable counter-terrorism-related training and other assistance already being undertaken in the APEC region, we:

- Welcome new commitments by APEC members to contribute further to these capacity-building efforts,
- Commend current efforts by the international financial institutions to build counter-terrorism capacity in APEC economies and call on them to work with APEC members to further improve APEC member capacity,
- Encourage the private sector to work in partnership with APEC economies to implement secure trade measures, and
- Emphasize that counter-terrorism capacity-building in APEC needs to be demand-driven.

**FOURTEENTH APEC MINISTERIAL MEETING
Los Cabos, Mexico
23–24 October 2002**

JOINT STATEMENT

Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam participated in the Fourteenth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Los Cabos on 23–24 October 2002. The APEC Secretariat was present. The Association of South-East Asia Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC), and the Pacific Island Forum (PIF) attended as observers.

The meeting was chaired by H.E. Mr. Luis Ernesto Derbez, Minister of the Economy, and H.E. Jorge Castañeda, Minister of Foreign Affairs, of Mexico.

The meeting took place in the context of continuing recovery from last year's economic slow down, including the impact of September 11, although some uncertainties and risks regarding the strength and pace of the economic expansion remain. Ministers expressed their commitment to a sound macroeconomic and financial environment, the promotion of good corporate governance, and the common goal of free and open trade and investment in order to increase growth and improve living standards.

The theme for APEC 2002 was "Expanding the Benefits of Economic Cooperation for Growth and Development. Implementing the Vision", with the following sub-themes:

- a. Policies for Sustained Growth and the New Economy;
- b. Building Capacities to Reap the Benefits of Globalization; and
- c. Making APEC more Relevant to Our Communities

The importance of the implementation of the APEC vision was underscored by Ministers. They reiterated their determination to ensure concrete outcomes that benefit business and the wider APEC community from the implementation of such vision.

The discussion of Ministers focused on the theme and sub-themes for APEC 2002, including the issue of counter-terrorism and economic growth.

POLICIES FOR SUSTAINED GROWTH AND THE NEW ECONOMY

Counter-Terrorism and Economic Growth

Terrorism, in all its forms, is a threat to economic stability in APEC, as well as a threat to regional peace and security, and a direct challenge to APEC's vision of free, open and prosperous economies. The recent attack in Bali is a tragic reminder of the importance of maintaining a united, committed and sustained effort to ensure that terrorism does not prevent APEC from achieving its goals.

Ministers again condemned terrorism in the strongest terms. They endorsed and referred to Leaders the report prepared by the APEC Secretariat on measures adopted by members jointly and as individual economies in response to the APEC 2001 Leaders' Statement on Counter-terrorism.

Substantial progress has already been made by APEC in implementing specific Leaders' commitments to suppress the financing of terrorism, enhance air and maritime security, strengthen energy security, strengthen critical sector protection and enhance security-related cooperation on customs and border security.

The collective and individual efforts of APEC economies have limited the economic fall out from the September 11 attacks and strengthened the resolve of Ministers to push ahead with APEC's ambitious economic growth and cooperation agenda. Ministers reaffirmed the importance of achieving the twin goals of enhanced security against terrorist threats and continued promotion of economic growth, including facilitation of the movement of goods, capital and people. In order to achieve those goals, Ministers discussed new cooperative commitments that APEC could adopt in the areas of trade, finance and communications.

Regarding trade, they discussed commitments to strengthen transportation security, customs and immigration cooperation while facilitating the movement of goods and people, including capacity building. In particular, Ministers recommended the adoption by Leaders of the Secure Trade in the APEC Region (STAR) Initiative. Ministers welcomed plans to hold a seminar on STAR on 22–23 February 2003 in Bangkok, Thailand.

With the view of halting the flow of financing to terrorists while ensuring efficient financial markets, Ministers reaffirmed their commitment to the APEC Action Plan on Combating the Financing of Terrorism approved by the APEC Finance Ministers Meeting. The Plan seeks to deny terrorists access to the world's financial system, including improved international cooperation and better monitoring of alternative remittance systems and charities and non-profit organizations.

Ministers underscored the importance of protecting the integrity of APEC's communications and information systems while allowing the free flow of information. In responding to this challenge, they supported the APEC Cybersecurity Strategy developed by the APEC Telecommunications and Information Working Group, and instructed Officials to implement the Strategy.

Ministers instructed Officials to explore how to best provide capacity building assistance to developing economies to effectively implement APEC initiatives against terrorism.

APEC and the Multilateral Trading System

Ministers reaffirmed the importance of supporting an open, rules-based multilateral trading system under the World Trade Organization (WTO). They noted the dynamic and catalytic role that APEC plays by virtue of its broad membership, embracing both developed and developing economies, and its continuing commitment to liberalization.

Recognizing the significant contribution that the successful and timely conclusion of negotiations on the WTO Doha Development Agenda (DDA) will make to economic development and social advancement in the APEC region, Ministers reaffirmed their full commitment to ensuring the successful completion of the DDA negotiations by 1 January 2005.

Ministers called on all WTO members to intensify substantive discussions in Geneva on all elements of the DDA in an effort to keep the negotiations on track and agreed to work to ensure that the cooperative dynamic in APEC complements and supports the DDA negotiations. Ministers committed to working together to meet all DDA deadlines and schedules in the lead up to the 5th WTO Ministerial in Cancun, Mexico, on 10-14 September 2003. They agreed that transparency will be an important element on the road to Cancun.

Ministers expressed their concern with progress on implementation issues, which are of particular concern to developing economies. They reaffirmed their determination to find appropriate solutions to them.

With regard to the negotiations on agriculture, Ministers committed to work with the aim of ensuring that the modalities for WTO agricultural negotiations are established by March 2003. In particular, they agreed that one of the objectives of such negotiations should be the abolition of all forms of agricultural export subsidies and unjustifiable export prohibitions and restrictions.

Ministers undertook to work in the WTO so as to ensure that a common understanding on the modalities for non-agricultural market access negotiations can be reached by the end of March 2003, with a view to reaching an agreement on those modalities by 31 May 2003. They also pledged to submit requests and to meet the March 2003 deadline for the submission of initial offers in the WTO services negotiations.

Ministers remain committed to on-going work in the negotiating group on rules. Such negotiations are aimed at clarifying and improving disciplines under the Agreements on the Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these agreements and their instruments and objectives.

They also committed to progress in the WTO discussions on the relationship between trade and investment, trade and competition policy, transparency in government procurement and trade facilitation so that a decision based on an explicit consensus can be reached in Cancun on the modalities for the negotiations. APEC has contributed to the discussion on these issues through analytical work and the organization of policy dialogues, among other activities.

Ministers agreed to negotiate by the WTO Ministerial in Cancun the establishment of a voluntary and non-burdensome system of notification and registration of geographical indications for wines and spirits under TRIPS Agreement Article 23.4 that facilitates existing protection under the TRIPS Agreement without imposing new obligations on Members or limiting the use of existing exceptions as provided for in Article 24. They also agreed to discuss the extension of the protection of geographical indications for products other than wines and spirits as provided for in Article 23 of the TRIPS Agreement. They also committed to the protection of geographic indications other than wines and spirits already provided for in Article 22 of the TRIPS Agreement. They supported work, including increased technical assistance, to ensure that adequate and effective protection for these indications as well as trademarks is fully realized in all WTO markets on a national and MFN treatment basis.

Ministers reaffirmed their support for the Doha Declaration on TRIPS and Public Health and are fully committed to developing an expeditious solution to resolving the outstanding compulsory licensing issue by the end of the year 2002. To that end, the scope of the solution must be focused on the specific mandate from Doha.

Ministers undertook to move forward with negotiations on environmental goods and services. They stressed the importance of technical assistance and capacity building for developing countries, in particular the least-developed. Widespread application of environmental technologies is integral to maximizing the beneficial effects of trade liberalization for the environment and for sustainable development. APEC has made contributions previously to the advancement of this objective through work to identify a scope of goods and services in this area. It would be important to develop appropriate scope and list of environmental goods and services, taking into account of the current

works done by international bodies, as well as recent technological progress in this area.

They also stressed the importance of the WTO Work Program on special and differential treatment of the DDA and reaffirmed their commitment to work in the Council for Trade and Development in a practical and constructive spirit, recognizing that the aim of special and differential treatment is the further integration of developing economies into the trading system.

Ministers acknowledged the crucial role that WTO capacity building and confidence building activities will continue to play in ensuring the full participation of developing and least developed economies in the world trading system. Ministers welcomed the leading role that APEC is taking to ensure developing economies participate fully in the DDA negotiations and noted that 19 WTO capacity building projects, totaling US\$2 million were funded through the APEC TILF fund in 2002. In addition a number of APEC members are providing substantial bilateral WTO capacity building assistance to economies in the region.

Ministers agreed that WTO capacity and confidence building activities under the APEC Strategic Plan should remain a top priority for APEC. These activities should be demand driven and cover the full gamut of DDA issues, including implementation, market access and rules issues. In this sense, Ministers welcomed the expansion of the mandate of WTO Capacity Building Group of the CTI to include work related to confidence building on the DDA. In particular, APEC should further contribute to the DDA by encouraging and coordinating confidence building activities, including in areas such as investment, competition, trade facilitation, transparency in government procurement, and trade and environment.

Ministers supported the early accession of Russia and Viet Nam to the WTO.

Ministers appreciated the participation of the Director General of the WTO, H.E. Mr. Supachai Panitchpakdi, at the meeting.

Implementation of the Shanghai Accord

Ministers recognized the significant progress made during this year and acknowledged the importance of the timely implementation of the Shanghai Accord. Ministers agreed that the initiatives contained herewith represent critical elements of a new "APEC Implementation Framework" through which APEC economies agree to move forward to achieve the Bogor goals.

Broadening the Osaka Action Agenda

Ministers agreed that broadening the Osaka Action Agenda to reflect fundamental changes in the global economy, including the new economy and the strengthening the functioning of markets, put APEC on a faster track to achieving the Bogor goals of free and open trade and investment. They endorsed the full report on the Broadening and Updating Part I and II of the OAA presented by Senior Officials, including the recommendation to incorporate a new chapter on Strengthening Economic Legal Infrastructure in Part I.

Pathfinder Initiatives

Ministers emphasized that pathfinder initiatives can invigorate progress towards the Bogor Goals and recognized that members who are ready and willing to commit to move faster in specific areas should be able to do so collectively.

They endorsed the following pathfinder initiatives: implementation of Unilateral Advance Passenger Information systems; the adoption of the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures; electronic SPS certificates; electronic certificates of origin; corporate governance; and mutual recognition arrangement of conformity assessment on electrical and electronic equipment parts II and III.

These initiatives will facilitate a better trade and investment environment for the benefit of business. Ministers directed relevant APEC fora to review progress in the pathfinder initiatives to encourage broader participation by APEC members, including through the provision of capacity building.

Policies on Trade and the Digital Economy

Ministers emphasized the positive impact of the new economy on growth and development. In this regard, they recommended that Leaders adopt the “Statement to Implement the APEC Policies on Trade and the Digital Economy”, which contains a set of targets related to appropriate trade policies for the new economy, as a pathfinder initiative.

Trade Facilitation Action Plan

Ministers emphasized the importance of APEC’s trade and investment facilitation goals and welcomed the development of the APEC Trade Facilitation Action Plan.

They agreed to recommend that Leaders endorse the APEC Trade Facilitation Action Plan including the agreed menu of concrete trade facilitation actions and measures. Ministers emphasized the importance of implementing the Action Plan for the realization of reducing transaction costs across the APEC region by 5% by the end of 2006. They agreed that all APEC members should identify, by SOM I 2003, which concrete actions and measures they intend to implement in 2003 and beyond.

Furthermore, Ministers acknowledged the Economic Committee’s project titled “The Benefits of Trade and Investment Facilitation in APEC” demonstrating that if all the APEC economies reduce transaction costs by 5% in 5 years, APEC’s GDP will increase by 1 percentage point.

Ministers reaffirmed the Leaders’ directive to work in close partnership with the private sector, including ABAC, to ensure that actions taken reflect business concerns and to develop assistance programs to help build the capacity of developing economies to implement trade facilitation measures.

Transparency Standards

Ministers recognized the need to enhance transparency as a means to regain investors’ confidence. Ministers recalled Leaders’ directive last year to pursue implementation of APEC’s transparency principles contained in key trade areas and approved the submission of the “Statement to Implement APEC Transparency Standards” for Leaders’ endorsement.

Individual Action Plans

Ministers reaffirmed their commitment to achieve the Bogor goals through the actions outlined in their respective IAPs. They encouraged APEC members to keep up individual efforts to liberalize and facilitate trade and investment in order to achieve such goals.

Ministers welcomed progress in APEC to strengthen the IAP Peer Review Process, bearing in

mind that an implementation mechanism is credible only if coupled with monitoring and assessment procedures. The involvement for the first time of outside expertise and the greater role played by the private sector ensures a more rigorous and meaningful review of the IAPs. They directed the officials to further improve the IAP Peer Review Process and to ensure that information in the e-IAP database is presented in a business-friendly format.

They stressed the importance of the new IAP peer review process for the mid-term stock take of the overall progress towards the Bogor Goals that will take place in 2005. In this sense, they welcomed the forward-looking guidelines for IAP Peer Reviews.

Ministers commended economies that have already volunteered to present their IAPs for review under the new mechanism, including Japan and Mexico which have submitted IAPs for peer reviews this year. They noted that fifteen other economies have agreed to submit their IAPs for review between 2003 and 2005: Australia; Brunei Darussalam; Canada; Chile; Hong Kong, China; Indonesia; Korea; Malaysia; New Zealand; Peru; Philippines; Singapore; Chinese Taipei; Thailand and Viet Nam.

Collective Action Plans

Ministers stressed the importance of the Collective Action Plans (CAPs) in achieving the Bogor goals. They approved and endorsed the 2002 Committee on Trade and Investment Annual Report to Ministers containing the revised/enhanced CAPs. Ministers directed Officials to continue working and assessing CAPs in order to carry on producing tangible deliverables for the business community.

Regional Trade Arrangements (RTA)

Ministers noted the growing number of regional trade agreements (RTAs) and free trade agreements (FTAs) being negotiated and concluded, to which many APEC members are parties. They believed that such agreements are instruments to achieve the Bogor goals and that they should be consistent with both APEC's principles and WTO rules. Ministers instructed officials to engage in a constructive exchange of views on the RTAs and FTAs.

New Economy and Electronic Commerce

Ministers acknowledged the contribution of Information and Communication Technology (ICT) to sustainable economic growth, in particular in reducing the costs of trade and investment. They reaffirmed the importance of implementing appropriate policies to foster the use of ICT and maximize the benefits of the new economy, as reflected in the Paperless Trading IAPs and in the report endorsed by the meeting on implementation of the e-APEC Strategy.

Strengthening the Functioning of Markets

Ministers encouraged APEC to further develop its work in the area of strengthening the functioning of markets to help build member economies' capacity to meet changing market demands and to engender business and investor confidence. Ministers highlighted the complementarity of the work on Strengthening Economic Legal Infrastructure and competition policies and the work of the Finance Ministers' Process on corporate governance, and stressed the need for member economies to review regularly their corporate governance practices.

Structural Reform

Ministers acknowledged the importance of structural reform in achieving trade and investment liberalization and facilitation. They recognized the importance of various APEC initiatives on structural reforms aimed at strengthening the market fundamentals across the region and instructed officials to further promote dialogue and work in this area.

BUILDING CAPACITIES TO REAP THE BENEFITS OF GLOBALIZATION

Micro, Small and Medium Sized Enterprises

Ministers acknowledged the key role that micro, small and medium sized enterprises play as driving forces of sustained domestic and regional economic growth, as well as their potential to serve as important agents for alleviating poverty in developing economies.

Micro, small and medium sized enterprises make a substantial contribution to trade in the APEC region. Enhancing their participation in export markets, including through liberalization of trade and investment, has potential benefits for economic development. Ministers agreed to strengthen the policy environment and foster entrepreneurship through closer cooperation and exchanging information among economies on the appropriate policy environment conducive to the development of micro, small and medium sized enterprises in the region.

Innovative start-ups are key elements for the success of micro, small and medium enterprises. Ministers urged member economies to consider initiatives on areas including micro-financing, venture capital funds, loan guarantee schemes, incubation centers, and access to information and communications technology.

They stressed the importance of the updated Integrated Plan of Action for SME Development (SPAN) approved by the SME Ministerial, which is APEC's main instrument for the development of SMEs. The updated SPAN incorporates relevant issues for micro enterprises development and an evaluation framework to assess progress.

APEC is well suited to play a leading role in contributing to the integration of micro-enterprises to the globalization process. Ministers acknowledged that attention to small and medium size enterprises, including micro-enterprises, is an organic part of promoting progress towards APEC objectives in terms of gender equity, economic growth, poverty alleviation and the strengthening of social safety nets.

In particular, Ministers expressed the need to address the issue of empowering micro-enterprises through access to information, human capacity building and financing. Consistent with such objective, they welcomed the decision by the SME Ministerial to create a sub-group within the SMEWG to address micro-enterprises development.

Other Economic and Technical Cooperation and Capacity Building Activities

Ministers welcomed the 2002 SOM Report on Economic and Technical Cooperation, including the "Human Capacity Building Strategy for the New Economy", and endorsed the recommendations. Ministers commended the review of the role and mandate of the ECOTECH Sub-committee and reconfirmed the mandate agreed in 1998.

They instructed officials to continue their efforts to improve the coordination of the activities of APEC fora, and urged APEC fora to enhance their communication efforts in order to avoid the duplication of activities and to maximize synergies.

Ministers welcomed the development of evaluation criteria for ECOTECH Action Plans (EAP) prepared by members in the pilot phase of this initiative. Ministers called for a rigorous assessment of the value of the existing EAPs as a tool to progress APEC's economic and technical cooperation agenda.

They noted the outcomes of the Workshop on "ECOTECH and Capacity Building: Assisting Integration into the Global Economy" held in Acapulco, Mexico, in August. The suggestions made by participants in the Workshop support the view of Ministers that there is a need to have more clear and focused goals for capacity building activities in APEC, so as to assist in the definition and improvement of strategies and monitoring and assessment mechanisms. They urged APEC fora to work in that direction.

Furthermore, consistent with those suggestions, Ministers agreed that links with international financial institutions and the private sector should be strengthened with the aim of engaging them in APEC's ECOTECH and capacity building programs. In particular, Ministers urged officials to develop relationships with international financial institutions and the private sector with a view to leveraging financial support for APEC activities.

Ministers welcomed the evaluation work program in the APEC Secretariat and agreed that monitoring and evaluation will help to make APEC's ECOTECH and capacity building efforts more effective. They also welcomed the involvement of other APEC stakeholders, such as ABAC and the APEC Study Centers in the monitoring and evaluation of ECOTECH and capacity building activities.

MAKING APEC MORE RELEVANT TO OUR COMMUNITIES

Dialogue on Globalization and Shared Prosperity

Ministers welcomed the outcomes of the APEC Dialogue on Globalization and Shared Prosperity, held on 26 May 2002 in Merida. They acknowledged the importance of good domestic economic reform policies, sound institutions and skills development in promoting economic growth. They noted the Dialogue's focus on the importance of the social dimension of globalization, and on the need for appropriate measures to help people adjust to new circumstances and acquire the learning and skills needed to thrive in the New Economy. Ministers also acknowledged the need for social safety nets that cushion the impact on those displaced by economic change and that facilitate resumption of employment and protection.

They stressed the need to address these issues in order to maximize the political support to the globalization process, in particular to APEC's integration process, and called for communication strategies to disseminate and make understandable to all stakeholders the benefits and challenges of globalization.

Dialogue with ABAC

ABAC plays a unique role by providing advice on concrete initiatives that APEC should adopt to improve the business environment in the Asia-Pacific region. Ministers welcomed the presentation of ABAC's report to Leaders on "Sharing Development to Reinforce Global Security". Ministers placed great value on ABAC's contribution to the APEC agenda and undertook to consider carefully ABAC's recommendations, noting that APEC was pursuing a number of initiatives identified by ABAC in areas such as counter terrorism measures, corporate governance, WTO capacity building and the promotion of micro-enterprises. They emphasized the need to continue strengthening the relationship between government and private sector.

Youth

Young people are a vital source of renewal and innovation. They make a very important contribution to sustainable economic growth and development. It is important to support them in facing the new opportunities and challenges of globalization.

Ministers commended Mexico for organizing the highly successful APEC Young Leaders and Entrepreneurs Forum. They also took note of the key findings of the event on economy diagnosis, business incubation, financing of young entrepreneurs, and social responsibility of businesses. Ministers recognized the need to continue organizing activities aimed at developing young future leaders of APEC.

Women

Globalization can be a powerful force for stimulating growth and development in the region with resulting higher living standards and improved social well-being for our communities. However,

vulnerabilities in certain labor markets limit the extent of these benefits. Ministers resolved to work on ensuring that the challenges globalization presents for women, including indigenous women, are met and that the benefits of structural reform and a globalized marketplace reach all our communities, including the most disadvantaged.

APEC members recognized the need to eliminate gender inequalities in all aspects of social and economic life, recognizing the value of the multiple roles that women play in the economy, as well as the double burden of paid and unpaid work. Ministers also recognized the significant contribution of women in APEC economies and welcomed the study on gender specific economic data. They also recognized that society, as a whole, will gain from equal participation in policy and decision-making processes. In particular, they noted the important role of women in micro-enterprises since most of these firms are established and run by them.

In particular, Ministers reaffirmed their commitment to integrate gender into APEC processes and activities by: continuing to promote gender integration and recognize gender as a cross-cutting issue in APEC; reviewing and assessing the progress toward the implementation of the Framework for the Integration of Women in APEC; considering issues relevant to women's economic interests and opportunities; and acknowledging the gender integration achievements within APEC fora and economies. Ministers also endorsed the Gender Focal Points Network and called for its immediate implementation. They welcomed the decision by APEC ministers responsible for women's issues to put forward for Leaders endorsement the recommendations contained in the Joint Ministerial Statement of the II APEC Ministerial Meeting on Women.

Contribution of other stakeholders to APEC work

Ministers recognized the important contributions of academic institutions, regional think-tanks, the Women Leaders Network (WLN) and other stakeholders in APEC work during 2002. They agreed to explore ways and means to strengthen their involvement in APEC activities.

OTHER ISSUES

SOM Report to Ministers

Ministers welcomed and approved the SOM report, including the decisions points contained therein.

Statements by Observers

Ministers took note of the statements by ASEAN Secretariat, PECC and PIF.

APEC 2003

Ministers thanked Thailand for the briefing on preparations for the Fifteenth APEC Ministerial Meeting and the Eleventh APEC Economic Leaders' Meeting.

Future Meetings

Ministers noted that the future Ministerial Meetings will be held in Chile in 2004, and in the Republic of Korea in 2005. Ministers welcomed Viet Nam's offer to host APEC in 2006 and Australia's offer to host in 2007.

MINISTERIAL DECISIONS

Trade and Investment Liberalization and Facilitation

Committee on Trade and Investment (CTI) Annual Report

Ministers endorsed the 2002 CTI Annual Report containing the APEC activities on Trade and Investment Liberalization and Facilitation.

Strengthening the Multilateral Trading System

Ministers welcomed the proposal to hold a conference on trade and environment to be convened sometime between April and June 2003, and CTI's decision to hold trade policy dialogues on trade facilitation, and trade and competition at SOM I and II next year, respectively.

Individual Action Plans

Ministers endorsed the SOM report on 2002 IAPs Improvements and instructed officials to ensure that the e-IAP website is a truly useful tool for the private sector.

Collective Action Plans

Ministers approved and endorsed the revised/enhanced CAPs contained in the 2002 CTI Annual Report. They directed Officials to continue working and assessing CAPs' evolution in order to carry on producing tangible deliverables for the business community.

They welcomed the results of the Seminar on "Bilateral/Regional Investment Rules and Agreements" organized by Mexico, and highlighted the need for further work to continuing building capacity in the WTO process.

Ministers asked officials to review economies' progress in implementing and improving the Menu of Options on Investment and report progress by the Ministerial Meeting in 2003.

Ministers welcomed the success of the Third APEC Investment Mart and the Seventh APEC Investment Symposium held in Vladivostok, Russia, in September 2002, under the theme "Investment Development in the APEC Region in the Age of Globalization", and noted that the Fourth APEC Investment Mart will be held in Bangkok, Thailand in October 2003.

Ministers welcomed the proposal to establish "APEC IPR Service Center" as a mechanism for improving IPR protection in each member economy, and directed officials to continue their discussion in order to further develop this initiative, including the financial aspect, by the next Ministerial Meeting.

Ministers took note of the continuing progress made in the APEC Business Travel Card scheme, which now has fourteen APEC economy members and, in particular, they welcomed the participation of Indonesia and Japan in the scheme. They also commended the on-going work, including through the implementation of capacity building activities in the following areas: Unilateral Advanced Passenger Information systems, travel document examination, professional immigration service, travel document security and issuance systems and legislation.

Ministers welcomed the progress in the preparation for the Seminar on Venture Capital and Start-up Companies to be held in Beijing, China, in 10-12 December 2002.

Trade Facilitation

Ministers endorsed the reporting template to highlight trade facilitation measures in the Individual Action Plans to be used by all members starting in 2003. They commended Canada; Hong Kong, China; Japan; Malaysia; New Zealand; and Singapore for piloting the reporting template this year.

Ministers noted the report “The Economic Impact of Trade Facilitation: A Development Perspective in the Asia-Pacific Region” developed jointly by the World Bank and APEC, under a project overseen by Canada. The report concludes that bringing the below average APEC members half-way to the APEC average in the fields of port and customs efficiency, regulatory standards and harmonization, business mobility and electronic commerce usage, and administrative professionalism, would increase intra-APEC trade in the order of over 280 billion dollars. Ministers recognized that the report generates useful information to assist in policy formulation.

Ministers welcomed the study prepared by Australia “APEC Economies: Realizing the Benefits of Trade Facilitation”, which quantified examples of trade facilitation reforms already implemented within APEC and highlighted that trade facilitating measures result in real income gains, improved market access, increased efficiency and reduced impediments to competition and innovation. The report found that increases in real income of over US\$17 billion per annum have been generated from trade facilitation reforms already implemented in APEC.

Ministers also welcomed the organization of a workshop on “Implementing the APEC Trade Facilitation Principles” organized by Thailand, Canada and Hong Kong, China, and the report of the workshop entitled “Toward the Shanghai Goal: Implementing the APEC Trade Facilitation Action Plan”.

Automotive and Chemical Dialogues

Ministers welcomed the productive outcomes of the Fourth Automotive Dialogue held in Singapore in 2002 and took note of preparations related the Fifth Dialogue to be held in 2003. Ministers also noted the progress made by the Automotive Dialogue, in particular the commencement of a “peer discussion” process and the Dialogue’s offer to support and contribute to the new WTO trade round. Ministers encouraged the Dialogue to further develop and make progress on its market access and trade facilitation activities. Ministers applauded the Dialogue work to promote automotive standards harmonization and endorsed the group’s “Revised Principles of Automotive Technical Regulation Harmonization”.

Ministers welcomed the launch of the First Chemical Dialogue, held in 2002 in Mexico and welcomed the preparations for the Second Chemical Dialogue to be held in Thailand in 2003. Ministers applauded the work of the Chemical Dialogue including identifying and implementing measures to contribute to the Shanghai Accord’s objective of reducing business transaction costs. Ministers encouraged APEC members to work towards implementing the Globally Harmonized System (GHS) on hazard classification and labeling of chemicals and safety data sheets by 2006, including through capacity building. Ministers noted the potential adverse impact on APEC’s manufacturing industries of the EU’s proposed regulatory regime for chemicals and underscored the importance of transparency and openness in the EU regulatory process.

Economic and Technical Cooperation (ECOTECH)

ECOTECH Sub-Committee

Ministers recognized the significant role of the ECOTECH Sub-Committee (ESC) in managing and coordinating ECOTECH activities to ensure a more focused and intensified action agenda. Ministers endorsed the recommendations on the ESC’s mandate and role, including the renaming of the ESC as the SOM Committee on ECOTECH retaining the acronym ESC and the original mandate.

Implementation of the Human Capacity Building Promotion Program

Ministers acknowledged the importance of capacity building as a vital means to empowering the Asia Pacific community and assist our communities in addressing the challenges of globalization. Ministers commended China’s efforts in the implementation of the Human Capacity Building Promotion Program.

Human Capacity Building Strategy for the New Economy

Ministers approved “The Human Capacity Building Strategy for the New Economy” prepared by the Human Capacity Building Coordination Group (HCBCG) as an effective response to the need for transforming the “digital divide” into “digital opportunities”, so that the opportunities of the New Economy can be widely shared in the APEC region.

Health

Ministers welcomed the progress made by the ISTWG on the implementation of the Infectious Disease Strategy. Ministers endorsed broadening the current APEC “infectious disease” priority to “health and sustainable development”. Ministers support public/private partnership such as the APEC Healthcare Services Accreditation Projects, to expand cooperation between healthcare service accreditation organizations in the region. Ministers also recognized members’ interest in promoting public health improvement, and have made the life-sciences sector a high priority by approving the establishment of a Life-Science Innovation Forum in APEC.

Biotechnology

Ministers welcomed the First Agricultural Biotechnology High Level Policy Dialogue held in Mexico this year and welcomed plans to hold a Second High Level Policy Dialogue on Agricultural Biotechnology, in the margins of SOM I 2003 on 14–15 February 2003 in Chiang Rai, Thailand.

Ministers welcomed the outcome of the APEC Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology held from August 29th to September 4 in Chinese Taipei, as another valuable contribution to safety, science-based and most of all the capacity building aspects of biotechnology.

APEC Food System (AFS)

Ministers welcomed SOM’s report on the implementation of the AFS. They took note of the inclusion of a separate chapter in the IAPs on the AFS and the adoption of the template proposed by New Zealand. Ministers also agreed on the abolition of economy reports of the existing APEC Food System annual report.

Micro, Small and Medium Enterprises

Ministers welcomed the report on the APEC High Level Meeting on Micro-enterprises held on 17–18 August 2002 in Acapulco, Mexico, and its recommendations for creating and enabling environment for micro-enterprises development in the region.

Ministers also welcomed the report jointly presented by Australia and Mexico on Small Business and Trade in APEC. The study underscores that, on average in APEC, small and micro businesses make up over 98% of all enterprises, account for 30% of direct exports, 10% of foreign direct investment by value and 60% of private employment.

Ministers welcomed the Australian initiative to hold seminars in 2003 aimed at assisting developing economies develop programs to remove obstacles and ease the transition into export for SMEs and micro-enterprises.

Ministers welcomed the forthcoming APEC Medium and Small Enterprises Technology Conference and Fair to be held in Qingdao, China, next year with a view to enhancing the capacity building of Medium, Small and Micro-enterprises of APEC region.

APEC Education Foundation and the APEC Consortium on Cyber Education Cooperation

Ministers expressed their appreciation to the APEC Education Foundation for its continued leadership in advancing education cooperation and commended Korea and the United States for their leading roles. Ministers also welcomed expansion of the APEC Cyber Education Cooperation Consortium, and progress achieved so far. Ministers encouraged further participation in the activities of the Foundation and the Consortium by member economies, business, academia and other stakeholders.

APEC School Networking

Ministers commended Thailand for its leadership in embarking upon the Sister Schools Networking project and encouraged members to fully participate in the project.

New Economy and e-Commerce Issues

New Economy

Ministers took note of the progress made by lead economies on new economy initiatives, including: Empowering Peoples with Disabilities through IT Usage (Korea), Fostering IT Schools for the Information Age (Chinese Taipei) and OECD - APEC Global Forum on Policy Frameworks for the Digital Economy.

Ministers also commended the efforts by Chinese Taipei along with Thailand, Mexico and Indonesia in implementing the workshops on e-Business and Supply Chain Management under the Transforming "Digital Divide into Digital Opportunities Phase II" initiative.

Underscoring the importance of e-government for enhancing the quality and transparency of government services, Ministers approved the Strategy report on Promoting e-Government in APEC adopted at the APEC High Level Symposium on e-Government held in Korea on 2-5 July 2002 and encouraged its active implementation. Ministers welcomed the offer made by Mexico to organize a second APEC High Level Symposium on e-Government in 2003.

e-Commerce

Ministers took note of the 2002 Stocktake of Electronic Commerce Activities in APEC as a useful tool for relevant APEC fora and member economies in planning e-commerce related activities.

Ministers welcomed the progress in the preparations for an APEC e-commerce Fair in Yantai, China, in 2003 and called on all member economies to encourage wide participation in this event by government officials, the business and academic communities.

Ministers recognized the value in developing appropriate and compatible frameworks for consumer protection in e-commerce and endorsed the "Report on Approaches to Consumer Protection" and the "APEC Guidelines for On-line Consumer Protection."

Ministers welcomed Individual Action Plans on Paperless Trading submitted by fourteen economies, namely Australia; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; Russia; Singapore; Chinese Taipei; Thailand and Viet Nam and encouraged other member economies to participate in the delivery of Paperless Trading IAPs.

Strengthening the Functioning of Markets

Ministers welcomed the progress on APEC's work on Strengthening the Functioning of Markets, including: outcomes on 2nd Symposium on Strengthening Economic and Legal Infrastructure held on 11-12 July 2002 in Jakarta (Japan, Australia, Indonesia); progress on Third Workshop and High Level Conference of the APEC-OECD Co-operative Initiative on Regulatory Reform held in Jeju Island, Korea on 16-18 October 2002 (Peru); outcomes on the First Seminar of APEC Training

Program on Competition Policy (Japan, Thailand and Vietnam); outcomes and preparations of the Training Program to Promote Competition in APEC Economies (Mexico); outcomes of the Intensive Training on Commercial Laws seminars in Vietnam and the Philippines and preparations for further seminars in China, Indonesia, and Thailand (Australia); outcomes on APEC Academic Conference on Competition Policy and Economic Development, held in Beijing on 18–19 September 2002 (China and Japan); and preparations for the SME and New Business Support Workshop to be held in November (Japan).

They also welcomed the Best Practices Guidelines reached at the “APEC Symposium on Best Practices for Enhancing Women’s Entrepreneurship and Start-up Companies” held on 6–7 August 2002 in Chinese Taipei, and they encouraged APEC to apply the guidelines in their future activities. They applauded the report “Strengthening Economic Legal Infrastructure in APEC: Supporting Trade, Investment and Economic Development”.

Economic Issues

Noting that Economic Committee reports are intended as analytical input and do not contain agreed policy conclusions or recommendations, Ministers endorsed the Economic Committee Report for 2002 and its four core projects for release: (1) 2002 APEC Economic Outlook; (2) The Benefits of TILF in APEC; (3) New Economy in APEC: Innovations, Digital Divide and Policy; and (4) the Implementation Plan for KBE Recommendations.

Ministers welcomed the “2002 APEC Economic Outlook”, especially its structural chapter on Micro Banking development, regulation and supervision in the Asia-Pacific region, and proposal for the structural chapter of the 2003 Economic Outlook on the role of specialized financial institutions (SFIs).

They also welcomed the report on “New Economy in APEC: Innovations, Digital Divide and Policy” that complements the earlier reports on the new economy KBE by the APEC Economic Committee. Ministers welcomed the progress in implementing KBE Recommendations and urged Economic Committee to further develop its work on KBE and New Economy issues.

Ministers endorsed a new project proposal named “The Corporate Debt Restructuring Process and Economic Growth in the APEC Economies”.

Ministers welcomed the outcomes from the 9th APEC Finance Ministers’ process, including its work on combating the financing of terrorism and money laundering, financial and fiscal reforms, and improving the allocation of domestic savings for economic development.

They also recognized the various initiatives taken by the APEC Finance Ministers’ Process in promoting macroeconomic dialogue, policy exchange and capacity building exemplified by the “APEC Finance and Development Program” and welcomed the “Development of Securitization and Credit Guarantee Market” initiative.

They also welcomed the close communication achieved between the Finance Ministers’ process and the SOM process in 2002.

Ministers welcomed the results of the International Meeting of Experts on Social Safety Nets co-hosted by the governments of the Republic of Korea and the Kingdom of Thailand in Seoul, Republic of Korea, during 25–26 July 2002. They also welcomed the establishment of the APEC Social Safety Nets Capacity Building Network (APEC SSN CBN) that will function virtually to promote the exchange of information and dissemination of effective practices for better social safety nets delivery in APEC.

ABAC

Ministers took note of the ABAC project to develop a Trans-Pacific Multimodal Security System (TPMSS).

Communications and Outreach Strategy

Ministers commended the APEC Secretariat's ongoing work in implementing the Communications and Outreach Strategy and noted the success of the recently concluded Communications Skills Workshops sponsored by Australia and encouraged the continuation of such activities in future.

Contribution of other stakeholders to APEC work

Ministers welcomed the contributions of APEC stakeholders, including the APEC International Assessment Network Report (APIAN) report "Remaking APEC as an Institution", containing recommendations to improve APEC's structure and management. They also welcomed the foundation of the APEC Academy of China.

World Summit on Sustainable Development (WSSD)

Ministers welcomed the paper prepared by the APEC Secretariat on the contribution of APEC to the WSSD and thanked Mexico for delivering it in Johannesburg on behalf of members and as APEC host for 2002.

Sectoral Ministerial Meetings in 2002

Ministers welcomed the outcome of the 5th Ministerial Meeting on the Telecommunications and Information Industry held in Shanghai on 29–31 May 2002 and commended China for the adoption of the Shanghai Declaration, the Program of Action for the APEC Telecommunications and Information Working Group and the Statement on the Security of Information and Communications Infrastructures.

Ministers took note of the report of the 3rd Transportation Ministerial Meeting held this year in Lima, Peru and acknowledged the efforts to strengthen security and trade in the region.

Ministers welcomed the outcome of the 1st APEC Ocean Related Ministerial Meeting held in Korea on 25–26 April 2002, and commended Korea for the adoption of the Seoul Oceans Declaration. Ministers recognized that the meeting advances concerted approach to addressing ocean-related agendas, especially in strengthening cooperation on sustainable development of marine and fisheries resources development in the region.

Ministers expressed appreciation for hosting and commended the outcomes of Mexico's Ministerial Meetings this year, namely:

- Meeting of Ministers Responsible for Trade held in Puerto Vallarta, 29–30 May;
- Second Tourism Ministerial Meeting, held in Manzanillo, Mexico from 3–6 July, focused on Tourism and SMEs;
- Fifth Meeting of the APEC Energy Ministers held in Mexico City on 22–23 July 2002, which focused on energy cooperation in the areas of investment, renewable energy, energy security and environmentally sound energy consumption through such initiatives as 21st Century Renewable Energy Development and Energy Security Initiative;
- Ninth APEC SME Ministerial Meeting, held in Acapulco on 24-25 August, which focused on the expansion of cooperation; and
- Second Ministerial Meeting on Women in 2002, held in Guadalajara, on 28–29 September, which focused on "Advancing women Economic Interest and Opportunities in the New Economy", with particular emphasis on entrepreneurship, micro-businesses, trade facilitation and IT capacity-building for women.

Budget and Management Issues

Ministers endorsed the BMC Chair's report on budget and management issues and approved the contributions from member economies for 2003 to the APEC Central Fund and the 2003 budget.

Ministers commended the work by the BMC to improve and make project guidelines more user friendly.

Report of the Executive Director of the APEC Secretariat

Ministers took note of the Report of the Executive Director of the APEC Secretariat.

Ministers welcomed the Report on Improving the Functioning of the APEC Secretariat, took note of the recommendations therein, including the observations of consultants supplied by Canada, and support their prompt implementation.

The Meeting commended the APEC Secretariat work on the establishment of a ISO-9001 standard Quality Management System, making the APEC Secretariat the first international trade-related Secretariat to attain ISO certification.

Management issues

Ministers endorsed the Revised Guidelines on Non-Member participation drafted by a number of members in discussions led by Canada.

Ministers welcomed the work undertaken in the area of reporting requirements and clarifying a standard expectation of the APEC Secretariat's support for APEC Fora.

The Meeting took note of the list of activities in which it would be useful for APEC to participate regularly.

Ministers endorsed the revised "Seconded Staff Management Guidelines."

APEC SECOND MINISTERIAL MEETING ON WOMEN

Guadalajara, Mexico
28–29 September 2002

JOINT MINISTERIAL STATEMENT

1. We, the Ministers and their representatives from Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; the Republic of the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States and Viet Nam; representatives of the APEC Secretariat; observers from the Pacific Island Forum met in Guadalajara, Jalisco, Mexico, on 28–29 September 2002 in response to the recommendation made by the APEC Economic Leaders in Shanghai, China in 2001, to hold a Second Ministerial Meeting on Women (SMMW) in Mexico 2002, as an opportunity to make further progress on the integration of gender issues in APEC's work.
2. The main theme of the meeting was "Advancing Women's Economic Interests and Opportunities in the New Economy" with women's entrepreneurship, micro-enterprises and the impact of trade liberalisation on women as the three major sub-themes. Special attention was paid to the continuation of gender integration within APEC and the role of economies in sustaining this important work.
3. Globalisation is expected to deliver overall economic benefits. However, it also gives rise in the short term to adjustment costs, which are disproportionately borne by women, who predominate in the lower income groups and therefore are most vulnerable in times of economic restructuring associated with trade liberalisation and during periodic economic crises.
4. This is the Second Ministerial Meeting on Women, with the first being held in Manila, Philippines in October 1998. The First Ministerial Meeting set into motion the important work done on gender integration in APEC. The theme of the First Ministerial Meeting was "Women in Economic Development and Cooperation in APEC"; with regard to sub-themes, Small and Medium Enterprises, Science and Technology and Human Resources Development.

Gender Integration in APEC

5. We commend APEC on the actions taken to ensure gender integration and further participation of women across all APEC fora.
6. We recognise and applaud the work of the SOM Ad Hoc Task Force on the Integration of Women in APEC, chaired by New Zealand, Canada and the Philippines, in developing the Framework for the Integration of Women in APEC ("Framework"), as well as the Ad Hoc Advisory Group on Gender Integration (AGGI), chaired by Korea and Australia, on the work accomplished to date.
7. AGGI has successfully completed each of the five critical tasks assigned by Senior Officials, as follows:
 - Developed and recommended gender criteria for use, as appropriate, in project proposals, approval and evaluation (led by Australia);
 - Developed and recommended format and processes for annual monitoring by SOM of the progress achieved in the implementation of the *Framework*, and analysed the results;
 - Developed and conducted gender information sessions and provided gender advice to most APEC fora on the *Framework* (led by the Philippines);

- Published the compilation of best practices on gender integration in APEC fora and economies (led by Canada);
 - Conducted and developed a gender statistics workshop focused on use and analysis of sex-disaggregated data to evaluate the status and contribution of women and men in APEC economies, (led by the United States).
8. AGGI has also met the final task assigned, to provide recommendations on the next steps in gender integration and the further implementation of the Framework.
 9. Canada, on behalf of AGGI, funded and undertook a Review of Gender Integration in APEC to document how APEC mechanisms have been integrating gender between ministerial meetings. Progress has been achieved in raising awareness of gender integration across APEC fora. There is widespread recognition of the relevance of gender to APEC's work, although there is a view that gender integration is more relevant to some fora than others.
 10. The next step for APEC is to deepen its capacity to address gender concerns in its substantive work, focusing on priority issues such as trade. In crosscutting issues such as gender, the support of the APEC Secretariat is invaluable in ensuring that these issues are incorporated into the work of APEC fora. Key factors will be an investment in gender expertise within the APEC Secretariat and in APEC's sectoral fora, backed up by vigorous and creative initiatives to communicate the relevance of gender to APEC's ECOTECH and TILF agendas.
 11. We recognise the pioneering role played by the Women Leaders' Network (WLN) in introducing gender issues into APEC's work. We look forward to WLN's contribution to and support for the Gender Focal Point Network.
 12. The ability to describe and measure the economic activity of women is critical to addressing barriers to their participation in the economy. The lack of data makes it difficult to identify areas where women's representation is markedly different to that of men and allows distortions in policy and business environments, making policy interventions difficult. We welcome the APEC study on sex-disaggregated data that will delineate the areas where women and men participate in economic activities in the APEC region and will make recommendations for improvements in data collection and analysis.

Advancing Women's Economic Interests and Opportunities in the New Economy

13. Globalisation can be a powerful force for stimulating growth and development in the region with resulting higher living standards and improved social well-being for our communities. However, vulnerabilities in certain labour markets limit the extent of these benefits. We resolve to work to ensure that the challenges globalisation presents for women, including indigenous women, are met and that the benefits of structural reform and a globalised marketplace reach all our communities, including the most disadvantaged.
14. In order to achieve full benefits of economic integration and economic restructuring brought by the New Economy, APEC members recognize the need to eliminate gender inequalities in all aspects of social and economic life, recognising the value of the multiple roles that women play in the economy, as well as recognising the double burden of paid and unpaid work. We also recognize the significant contribution of women in APEC economies and that society, as a whole, will gain from equal participation in policy and decision-making processes.

Women entrepreneurs

15. Women-owned or managed businesses have become a significant economic power as well as a major economic instrument for sustainable development. Gender equality is a prerequisite for the promotion of women's opportunities and participation in business activities at all sectors, as there are continuing barriers for women in their access to resources (credit, skills training, policy environment, among others).

16. To achieve APEC's goal of promoting regional prosperity and improving the well being of people, the economic policies and programs of APEC members must support women's participation in various economic activities and entrepreneurial development.
17. We were pleased to have an extensive and informative dialogue with business women and women entrepreneurs who attended the Ministerial Meeting and we encourage increased exchange of information with women experts by all APEC fora.

Women's micro-enterprises

18. We recognize that micro-enterprises are especially important to women, as their entrepreneurship activity is concentrated in micro businesses. One of the main challenges women face is their lack of ownership of assets to be used as collateral for credit. Microfinance organizations that serve people without access to traditional financial services are filling that void. Microfinance is not a panacea. It must be complemented by other business services, such as market access, and efforts to improve the enabling environment for micro-enterprises.
19. We acknowledged that APEC is well suited to play a leading role in contributing to the integration of micro-enterprises in the globalisation process. We welcomed the efforts undertaken during APEC 2002 to explore ways to assist people engaged in micro-enterprises reap the benefits of open markets and globalisation.
20. Micro-enterprise development is a key part of making progress towards APEC objectives in terms of gender equity, poverty alleviation, and economic growth. Thus we welcome the creation of a sub-group within the SMEWG to address micro-enterprise development and encourage the sub-group to recognize the unique challenges faced by women when developing its terms of reference and action plan.

Women and trade liberalisation

21. We commend APEC's trade and investment liberalisation efforts which have resulted in strong regional economic growth and development. This regional growth has also resulted in increased participation by women in all facets of the economic life of the region.
22. APEC's experience demonstrates that globalisation can be a positive force for reducing poverty and therefore can improve the lives of women. However, the positive outcomes have not been evenly spread across all economic sectors. Much remains to be done to ensure that women reap the benefits of trade liberalisation and, particularly, that rural women and women working in traditional industries have access to the improvements in standard of living which flow from responsible, comprehensive liberalisation policies. We urge member economies to consider the negative impact on rural women and their communities of continuing high levels of agricultural protectionism. We encourage member economies to pay attention to women who are dislocated through structural changes (such as in low-skill manufacturing industries) as a result of trade liberalisation.
23. The gender dimension of trade liberalisation has so far received little attention within APEC. There are significant differences in the ways that trade liberalisation affects men and women. We recognise that in some sectors women may bear a disproportionate share of the costs of trade liberalisation, such as job losses and inferior work conditions, in addition to exacerbating existing gender inequalities. These differences must be taken into account when policies and programs are being designed so that trade liberalisation truly contributes to "shared prosperity for all".
24. Better information is the first pre-requisite for the design of more effective policy responses relating to economic restructuring, including trade liberalisation. Further research and more systematic and comprehensive sex-disaggregated data are needed in assessing the impacts of trade liberalisation on women.

Women and information technology

25. Information and communication technology (ICT) is one of the fastest growing fields in the world economy today. However, women are still faced with many obstacles. While the gap in internet access between women and men is decreasing, there is a new form of divide. The gender digital divide in terms of qualitative access to the Internet is growing. Policies and projects should be devised and implemented to ensure that women gain quality access to this field and enjoy the benefits.
26. We support APEC's human capacity-building work and the impetus within APEC for the spread of ICT, including the APEC Leaders 2000 Brunei Internet Access Goals, to assist in overcoming the digital divide. We recommend that all APEC members and fora consider gender perspectives and work actively to eliminate barriers to the participation of women in new technologies and the new economy.

Recommendations

We recognise the important steps that have been taken to integrate gender into APEC processes and activities. We strongly urge APEC to build on these efforts by:

- Continuing to promote gender integration and recognise gender as a cross-cutting issue in APEC;
- Reviewing and assessing the progress toward the implementation of the *Framework for the Integration of Women in APEC*;
- Considering issues relevant to women's economic interests and opportunities;
- Acknowledging the gender integration achievements within APEC and APEC economies.

We seek the endorsement of APEC Leaders to:

1. Mandate the implementation of the Gender Focal Point Network (GFPN), with its roles and responsibilities and recommend that this network be implemented immediately by directing that:
 - All fora appoint a Gender Focal Point and call upon economies to appoint their Economy Gender Focal Point to be active members of the GFPN.
 - The role of the Women Leaders' Network and ABAC be supported to play an active role in the Gender Focal Point Network.
 - The Gender Focal Point Network develops an Action Plan to outline the substantive work that APEC needs to undertake for the periods between each Ministerial Meeting.
 - Biennial Ministerial Meetings on Women are held to sustain the momentum and leadership for gender integration.
2. Intensify the work of APEC and APEC economies on the three elements of the *Framework*, namely gender analysis, sex-disaggregated data and the participation of women, designed to bring about a better understanding of the gender-differentiated impact of economic adjustment brought by the New Economy through:
 - a) Gender-analysis:** APEC fora should intensify the integration of a gender perspective and analysis in their work, by promoting more gender and trade projects and studies combined with a vigorous communications strategy to disseminate the results.
 - b) Sex-disaggregated data:** APEC economies should address the need for more systematic and comprehensive collection of sex-disaggregated data and on the contribution of unpaid work of women, for example through the APEC sex-disaggregated data study.
 - c) Participation of women.** APEC economies to identify women experts with a view to increasing the participation of women in all APEC activities including more appointments of women in APEC fora, as well as in the APEC Business Advisory Council (ABAC) and

- the APEC Secretariat.
3. Acknowledge the importance of developing data indicators and conducting time use surveys of women's unpaid work in order to better assess and measure the contribution of women to the economy.
 4. Encourage APEC economies to develop and review laws and regulations relating to gender inequalities in working conditions as well as support the development of women entrepreneurs through measures such as access to business development programs, export financing schemes and market access programs.
 5. In recognising the unique contribution of indigenous peoples to their economies, we request APEC economies and related fora to enable the participation of indigenous women and to encourage research that reflects their experiences with a view to addressing the specific challenges they face from trade liberalisation.
 6. Urge APEC economies to enhance the capacity of micro, small and medium enterprises to thrive and participate in international trade, recognising the importance of this sector for women's participation in economic development.
 7. Address the significant unmet demand for credit, savings, and other financial services among the low-income populations, especially women, by encouraging the development of commercially based microfinance institutions.
 8. Target micro-enterprise assistance to business and market development programs for micro businesses, and to capacity building for the institutions that serve them.
 9. Facilitate exchange of information within APEC on best practices in micro-enterprise development, financial services, and regulation and supervision of microfinance institutions in order to create an enabling environment for micro-enterprises.
 10. Address the significant differences in the ways that trade liberalisation affects men and women. These differences must be taken into account to facilitate the better design and more accurate targeting of policies to ensure that trade liberalisation truly contributes to "shared prosperity for all".
 11. Encourage APEC economies to support research, underpinned by sex-disaggregated data, designed to bring about a better understanding of the gender-differentiated impact of trade liberalisation.
 12. Urge APEC economies to address the inequalities faced by women workers caused by industry restructuring due to trade liberalisation. Economies, relevant fora, including the Committee on Trade and Investment (CTI) and the Economic Committee (EC), are encouraged to address:
 - The need for active labour-market measures to mitigate the impact of trade liberalisation, for example non-standard work conditions of women.
 - The provision of adequate social safety nets that take account of the particular situations of women who are displaced or dislocated.
 - The reduction and eventual elimination of labour market inequalities, including through the exchange of best practices in equal employment opportunities.
 - The development and promotion of policies that balance work and family life, in particular care giving, and that take adequate account of women's disproportionate share of the burden of unpaid work.
 13. Encourage APEC economies to provide facilities and equipment that enhance women's and girls' capacity and involvement in ICTs and the knowledge-based economy. In particular, APEC economies should continue to evaluate, monitor and improve the situation of women,

to enable full participation in the digital economy through access to education, access to knowledge and access to opportunity.

14. We urge all APEC economies to contribute to a shared prosperity within a secure region for the benefit of women, their businesses and their communities.

Final Comments

15. We wish to express our sincere appreciation to Mexico and the National Institute for Women for their warm hospitality, and thank all those involved in ensuring that this Meeting was a great success.

NINTH APEC FINANCE MINISTERS' MEETING

Los Cabos, México
5–6 September 2002

JOINT MINISTERIAL STATEMENT

I. Introduction

1. We, the Finance Ministers of APEC, met in Los Cabos, México, along with representatives of the International Monetary Fund, the World Bank, the Asian Development Bank and representatives from the private sector.
2. With the approach of the first anniversary of the terrorist attacks of September 11, 2001, we discussed the importance of our efforts to combat the financing of terrorism and money laundering. We also focused our discussions on examining ways to strengthen global and APEC regional economic growth; advance fiscal and financial reforms; and improve the allocation of domestic savings for economic development.

II. Macroeconomic Challenges and Policy Responses

3. We recognize that the majority of indicators suggest that the global economic recovery is underway. The current recovery in APEC economies has been supported by robust consumer spending and intra-regional trade. Nevertheless, uncertainties regarding the strength and pace of the expansion remain.
4. Although most APEC economies are enjoying stronger economic performance, some still face structural, fiscal and financial challenges. To increase growth and improve living standards, we are committed to a sound macroeconomic and financial environment and promoting good corporate governance to strengthen investor confidence, elements necessary to create a conducive environment for an efficient and innovative private sector.
5. Ministers emphasized the importance of promoting a more open multilateral trade system to reinforce global economic recovery, and reaffirmed their pledge to reject the use of protectionism and their commitment to abide by multilateral rules.

III. Ninth APEC Finance Ministers Process' Policy Themes

A) Combating the financing of terrorism and money laundering

6. We remain committed to disabling the financial networks of terrorists and have released an action plan to combat the financing of terrorism. We will work cooperatively with the UN, the IMF, the World Bank, the Financial Action Task Force (FATF) and other relevant international and regional bodies to promote the adoption, implementation, and assessment of international standards to combat terrorist financing and money laundering. We welcome the decisions of the IMF and World Bank to add the FATF 40 recommendations for anti-money laundering and the eight special recommendations (FATF 40 + 8) to the areas on which the Reports of the Observance of Standards and Codes are prepared. We call on the IMF and Multilateral Development Banks to provide technical assistance, in coordination with the UN, FATF, FATF-style regional bodies and donor nations, to economies that need help in implementing these international standards.
7. We note the importance of preventing terrorists from misusing alternative remittance systems and non-profit organizations, including charities, as a source of or mechanism to move funds. We welcome the work of the FATF on charities and of one of the regional FATF-style bodies on alternative remittance systems and encourage continued work on

these issues. We ask our officials to evaluate ways of discouraging improper use of alternative remittance systems. We will increase our efforts to investigate and prosecute money launderers and terrorist financiers. We welcome the efforts of FATF and of one of the regional FATF-style bodies to expand their activities to include combating terrorist financing. We encourage these bodies to examine the use of bulk cash in facilitating money laundering and the financing of terrorist activities. We support the work of the international information-sharing body of Financial Intelligence Units and encourage enhanced international information sharing among financial and enforcement authorities.

B) Advancing pending fiscal and financial reforms

8. Prudent fiscal management will help maintain macroeconomic stability, lower interest rates and higher economic growth. We are committed to continue working towards prudent and transparent fiscal management, including avoiding significant structural fiscal deficits and enhancing the efficiency of public expenditure.
9. We recognize that more open, better regulated, transparent and deeper financial systems promote higher and more sustainable rates of growth. We need to continue strengthening the soundness and efficiency of financial systems and improve their capacity to stimulate growth and withstand economic shocks, particularly through better credit culture and risk management. We recognize that the further strengthening of banking supervision, market disciplines and corporate governance in the financial system, based on sound legal systems and accounting standards and practices, are essential to promote efficient financial systems. We emphasized that close observance of international standards and codes remains a useful reference to guide economies in promoting financial stability.

C) Improving the allocation of domestic savings for economic development.

10. Adequate levels of savings are an essential foundation for economic stability and growth. In addition, in a globalized economy, the key to sustainable long-term economic growth is to channel both domestic and foreign resources into their most productive forms of investment. Therefore, it is essential to put in place the institutional framework and structural reforms that allow the most efficient allocation of savings.
11. We agree that financial sector liberalization supported by a strong supervisory and regulatory framework, has an important role to play in enhancing competition in the financial sector, widening the options available to hedge against risk, and fostering the allocation of savings to the most productive investments. We encourage 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.

IV. Building stronger foundations for sustainable growth in the APEC region

12. We welcome the substantial progress made by APEC members in deepening domestic reforms and implementing initiatives to prevent and manage effectively international financial crises. In this regard, we welcome the progress made by policy initiatives under the APEC Finance Ministers' Process in contributing to healthy financial and corporate sector in this region. We also encourage participation in the Reports on Observance of Standards and Codes (ROSCs) and Financial Sector Assessment Programs (FSAPs) as ways of strengthening domestic financial systems. We note the recent developments in regional financial cooperation among the ASEAN+3 economies, including significant progress in the Chiang Mai Initiative, efforts to enhance policy dialogue in the region, monitoring of capital flows and early warning system.
13. We note that IMF quotas should adequately reflect developments in the international economy.

V. Other issues

14. We welcome the opportunity to have a dialogue with the APEC Financiers' Group (AFG) on the public and private sector actions against the financing of terrorism and on the promotion of corporate governance in the financial sector. We also appreciate the reports by: the APEC Business Advisory Council (ABAC) on their work in relation to the efforts aimed at strengthening regulation and supervision of the banking sector; the Pacific Economic Cooperation Council (PECC) on the Finance Forum recommendations to ensure financial stability in the region; and the APEC Economic Committee (EC) on the results of the Micro Banking Development Regulation and Supervision Symposium that took place last July in Mexico City.
15. We would like to thank the people and Government of Mexico for the hospitality extended to all delegations and the excellent arrangements they have made to make the ninth APEC Finance Ministers' Meeting a success. We will meet again for the 10th APEC FMM in Phuket, Thailand, on 4–5 September 2003.

VI. Annex 1:

Progress Report on the Policy Initiatives under the APEC Finance Ministers' Process

I. Voluntary Action Plan for Supporting Freer and More Stable Capital Flows (VAP):

As part of the series of initiatives to strengthen financial markets under Part 2 of the VAP, a Policy Dialogue on the theme of Strengthening Market Disciplines in the Financial Sector was held in Hong Kong between 29 and 31 July. It was chaired by New Zealand, Chile and Thailand, and was attended by 19 of the 21 APEC economies, with participation from the IMF, World Bank and BIS. The theme of market disciplines was chosen in recognition that well-functioning markets have a strong role to play in strengthening the incentives for financial institutions to prudently manage their risks. A paper summarizing the key points to emerge from the Policy Dialogue has been prepared and was tabled at the Deputies' and Finance Ministers' meetings in Los Cabos. Consideration is now being given to the possible theme(s) for a policy dialogue or other initiative under Part 2 of the VAP in 2003.

II. Financial Regulators Training Initiative:

APEC Finance Ministers endorsed the Financial Regulators Training Initiative in May 1998 aimed at strengthen capacities of training programs of financial regulators in the region. Supported by the ADB, which established a secretariat in November 1998, the initiative has been steered by two advisory groups respectively for banking and securities regulators. Over 2-year period beginning in 1998, the Initiative developed guidelines and processes for training and a number of training programs for trainers as well as 4 regional programs were delivered. These programs have provided training to training managers from 19 economies covering in excess of 500 participants. The technical support was provided by the Federal Reserve to whom all the economies show their appreciation.

At the 7th APEC Finance Ministers' Meeting (AFMM), Ministers extended the initiative for two more years. The Phase II Action Plan was endorsed by both regulators advisory groups in November 2000. Under Phase II, for bank regulators, training programs focused on bank analysis and examination and market risk. Special modules were organized in these on integrated supervisory structures and methodologies, money laundering and regulators risk based on site supervision models. Materials on these courses are now available on CD-ROMs and videos. A web site for the APEC Financial Regulators Training Initiative is available. The web site address is: <http://www.adb.org/apec>.

For securities regulators, courses and study materials have been prepared for structure and operations of capital markets, financial products, and enforcement or securities regulation and investigation. In 2001, in addition to regional training programs, national dedicated programs were organized for Indonesia, People's Republic of China, and the Philippines. The advisory groups

banking and securities regulators met in September 2001 to evaluate progress in Phase II of the Training Initiative and its strategic direction for the remaining period until the Initiative's expiry in October 2002. The APEC Finance and Central Bank Deputies' Meeting endorsed the continuation of the APEC Financial Regulators Training Initiative, with ADB as the secretariat, till October 2003. The Meeting also welcomed Chinese Taipei's proposal to provide training resources for banking supervisors to better prepare for the Basel II Accord.

III. Managing Regulatory Change in Life Insurance and Pensions:

The life insurance industry has become an important component of financial systems in many APEC economies, and there is great potential for further growth. In addition, the private pension industry is poised to become an important part of savings in the region. This initiative, led by Australia, focuses on prudential supervision of the life insurance and pension industries, its goal being to encourage well-functioning industries in the region.

With solid support received from regional regulatory authorities, the private sector, and the ADB, this initiative runs for three years and includes 3 symposia and 6 training courses for middle to senior level regulators. The first symposium was held in Manila on 23–24 November 2000. The first three training programs were held in Melbourne, on 5–17 March and 16–27 July 2001 and, 11–22 March 2002. The second annual symposium was held in Beijing on 8–9 November 2001 and brought together senior life insurance and pension regulators from the participating economies. The third annual symposium for the MRC program will be held in New Delhi, India on 6–8 November 2002.

IV. Strengthening Corporate Governance in the APEC region:

In their 2001 meeting, Ministers agreed to continue the work on this initiative, which was carried forward in 2002 by Mexico, Australia, the Republic of Korea and the Philippines through the development of a Policy Dialogue on "Strengthening Corporate Governance in the Financial Sector". The policy dialogue took place in Hong Kong on 1–2 August 2002. Ministers welcome the conclusions of the Policy Dialogue and agree that solid and strong financial systems largely depend on sound macroeconomic policies but also on complementary and mutually determinant good public and private financial sector governance. Ministers welcome the future publication by Mexico of the results of this exercise.

As part of this initiative, Australia will lead a pathfinder on Corporate Governance in 2002. A formal proposal for the Pathfinder will be developed prior to the December 2002 Technical Working Group Meeting and a report on progress will be proved to Finance Ministers at their 2003 meeting.

V. Insolvency Law:

This initiative, launched as part of broader context of corporate governance, aims to raise awareness of the importance of establishing and implementing strong insolvency regimes in the region. Under this initiative, a symposium named "Insolvency systems in Asia: an efficiency perspective" was held in Sydney on 29–30 November 1999. Indonesia hosted the second seminar of the Forum for Asian Insolvency Reform in Bali on 7–8 February 2001 which focused on five main issues: the establishment of a well-functioning insolvency system, the role of judges, the independence of judges, the establishment of specialized courts and, the role of out-of-court settlement.

Thailand will host the 2nd Forum on Asian Insolvency Reform during 16–17 December 2002 in Phuket. The agenda will cover six main issues, including informal workouts, approaches and frameworks, the interaction of corporate governance and insolvency, the cross border informal workouts, conversion of informal workouts to formal workouts, role of regulators in informal workouts, and restructuring techniques for financial and operational restructuring.

VI. APEC Privatization Forum:

The initiative, adopted the 6th AFMM and led by Thailand, covered many issues stemming from privatization, including competition policy, regulatory reform, capital market improvements, employee relations and corporate governance. Since then, the Forum has hosted three successful Annual Events. The 4th Forum has been tentatively scheduled for December 2002 in Bangkok, Thailand. In response to the requests from delegates from member economies at the 3rd APEC PF meeting in Chinese Taipei in June 2001, planning commenced on inaugurating a program of regional roundtables, whereby member economies within the region can focus on specific issues of interest. The first of these workshop/roundtables was hosted by the Ministry of Finance, Vietnam and held in Hanoi. The topic of roundtable was 'Mobilizing Private Finance for Infrastructure'. The roundtable was funded by the Public Private Infrastructure Advisory Facility (PPIAF), with the cooperation of the Bangkok Office of the World Bank and was held between 22 and 24 May 2002. It included delegates from Chinese Taipei, Philippines, Thailand and Vietnam as well as many representatives from Vietnamese line ministries. In addition PPIAF, a multilateral fund based at the World Bank, sponsored delegates from Lao PDR and Cambodia. Presenters with extensive experience in this area from the United Kingdom, Partnerships Victoria, PERC in Sri Lanka and CCPS in the Philippines presented a 2-day training workshop for Technical Officials from each participating economy followed by a round table on the final-day for high-level officials. A discussion panel followed each session of presentations where attendees were able to ask questions or make comments on particular issues. Apart from presentations, delegates to the roundtable received an interactive CD-ROM containing information, studies and examples of Private Participation in Infrastructure, as well as toolkits for specific sectors aimed at educating high-level policymakers on the issues involved in Private Participation. Further consultation between the APEC PF secretariat and Latin American economies is underway to hold a similar Regional Forum in South America during 2003.

VII. APEC Initiative on Fighting Financial Crimes:

At the 7th AFMM, Finance Ministers agreed that APEC should play a significant role in fighting against financial system abuse. Co-chaired by the United States and Thailand, a working group was established with the goal of strengthening anti-money laundering regimes in the region by identifying areas in which international bodies and agencies can provide the necessary training and technical assistance to enable jurisdictions to comply with international standards. Based on responses to an Asia-Pacific Group on Money Laundering (APG) self-assessment survey, the group identified three main areas for training and technical assistance (TTA) for APEC to promote: Financial/Regulatory TTA, Legal Infrastructure TTA, and Financial Investigations TTA. More recently, the working group has focused its efforts on encouraging all APEC economies to complete the Financial Action Task Force's (FATF) self-assessment questionnaire on terrorist financing. In addition, pursuant to this initiative, the secretariat for the Financial Regulators' Training Initiative is developing an anti-money laundering component to be included in the basic curriculum. The initiative on Fighting Financial Crimes has terminated during this cycle, and will lead the way to a new project on Alternative Remittance Systems, which will be developed next year.

VIII. Electronic Financial Transactions Systems:

At the 7th AFMM, the Ministers endorsed the establishment of the APEC Working Group on Electronic Financial Transactions Systems (WG). The WG, co-chaired by Hong Kong, China and Japan, held six meetings, including consultation with private sector representatives. It drew on the work done by other relevant international fora, and reviewed a wide range of issues on the development of electronic marketing and delivery of financial services, as well as electronic payment and settlement of financial transactions.

The WG conducted two surveys with relevant authorities and private sector entities of member economies. Based on the responses to such surveys, an interim report was issued to present the current state of e-finance development in the APEC economies and to identify issues for further development of e-finance in the region. The interim report was submitted to the 8th AFMM.

To facilitate detailed examination of the issues and the formulation of recommendations for promoting e-finance in the APEC member economies, six member economies (Brunei Darussalam; Hong Kong, China; Korea; Malaysia; Singapore; and Thailand) conducted case studies to share their experience and expertise in the development of e-finance in their respective economies. In addition, Japan initiated a small-scale survey to identify policy issues on consumer protection in cross-border e-finance. Based on these case studies and the small-scale survey, the WG concluded in June 2002 a final report, with recommendations on regulatory issues, payment issues and consumer protection in cross-border e-finance. The final report has been submitted to this 9th AFMM for adoption.

IX. APEC Future Economic Leaders Think Tank:

This initiative, launched by Australia at the 11th APEC Finance Ministers Technical Working Group Meeting in Beijing in December 2000, aims at developing effective networks and promoting the exchange of ideas among the next generation of economic policy leaders. The Think Tank does not have a formal policy advisory role, but will report to Finance Ministers on the outcomes of its regular seminars focusing on economic issues of importance to the region.

The inaugural session was held in Sydney on 1–4 August 2001. The participants were middle-ranking to senior APEC officials from government financial institutions such as Departments or Ministries of Treasury, Finance, Central Banks and Regulatory Agencies who have been identified as people that are likely to play a significant future leadership role in their respective economies and institutions. One of the main themes of the first Think Tank was the advent of the new economy and the issues and challenges it raises for APEC members, including corporate and economic governance. Ministers noted the submission of a strategic framework for financial and economic crisis prevention in the Asia-Pacific region stemming from the Think Tank discussions. The second Think Tank considered the topic of “Regional Cross-Border Debt and Equity Markets: A Regulatory of Market Based Approach”. Representatives from both the private and public sector participated in this Think Tank.

Think Tank participants produce a report on their discussion and findings which is presented to Finance Ministers each year.

X. APEC Finance and Development Program:

The 8th AFMM endorsed the collaborative initiative of APEC Finance and Development Program proposed by P.R. China. The initiative aims to strengthen capacity building among APEC members in matters relating to finance and development, and in particular to implement the strategic objectives of APEC Finance Ministers’ Process to promote sustainable and broad-based growth in the APEC region, and to develop stable and efficient financial markets. The World Bank joined P.R. China as the co-chair of the program.

The overarching theme of AFDP has been identified as Improving Financial Inter-mediation for Economic Growth, Development and Stability, and priorities will be given to three core areas: Capital Market Development, Finance for Small and Medium-sized Firms, and Cross Border Finance and Economic Development. The AFDP will mainly focus on training, and will provide 2-4 training sessions or workshops each year. The initiative will also provide financial support to around 10 research projects in the three-year period in order to provide reference for policy makers in the region. There will be one forum every year to allow timely exchange of views and dissemination of research results.

The 2002 annual forum for APEC Finance and Development Program was held in Beijing on 26 May as the launching event of the Program. The first workshop on Strengthening Corporate Governance and Financial Institutions was held in Shanghai on 5–8 August back to back with ADB’s Regional Seminar on Supervision of Market Intermediaries and Risk Management. Research plan is also under preparation.

XI. Development of Securitization and Credit Guarantee Market:

The new initiative, co-chaired by Hong-Kong, China; Korea and Thailand was endorsed at the 9th APEC Finance Ministers' Meeting Process in Los Cabos in September 2002. The new initiative aims to promote understanding and awareness of the importance of securitization and credit guarantee to bond market development in the region and to assist APEC economies to identify and take concrete steps to remove impediments to the development of securitization and credit guarantee market. The action oriented initiative would facilitate experience sharing among economies that are interested and committed in making the change.

It is envisaged that the initiative would be implemented through (i) organizing policy dialogues and workshops which would provide good opportunities for APEC economies to learn from each other; and (ii) the provision of experience sharing programmes to APEC economies in identifying impediments and developing detailed action plans.

VII. Annex 2:

APEC Action Plan on Combating the Financing of Terrorism

We, the Finance Ministers of the Asia Pacific Economic Cooperation Economies, remain fully engaged in the fight against the funding of terrorism and commit to reinvigorating our efforts on this issue. We endorse a comprehensive approach to preventing the funding of terrorism, including improved international cooperation and a greater focus on means of financing terrorism outside of the mainstream financial system.

Cut off Access for Terrorists to the International Financial System

- We, the APEC economies, subject to our respective domestic institutional arrangements, will freeze the assets of terrorists and their supporters without delay, and prevent them from accessing the international financial system. Each economy is encouraged to fully implement current laws on freezing terrorist assets and to ensure compliance and consistent reporting and to continue to improve its laws on freezing the assets of terrorists to ensure that no funds escape its financial system.
- We call for enhanced cooperation on designations of targets of regional interest. APEC economies will cooperate to identify and freeze the assets of terrorists and terrorist supporters.

Implementation of International Agreements and Standards

- Each APEC economy will continue to implement as soon as possible the relevant United Nations (UN) Security Council Resolutions, particularly UNSCR 1373 and 1390, as well as the UN Convention for the Suppression of the Financing of Terrorism and to report to the UN Counter-Terrorism Committee on all progress made on these initiatives.
- We encourage all APEC economies to implement the FATF's Special Eight Recommendations on terrorist financing and respond to the FATF Self-Assessment Questionnaire. We support the work of FATF in this area, in particular to the development of guidance notes on the implementation of the Special Eight Recommendations.
- We welcome the important recent decisions by the IMF and the World Bank to undertake comprehensive assessments of economies' adherence to the FATF 40 + 8 recommendations on fighting money laundering and terrorist financing, consistent with their respective mandates. We welcome the program of the IMF and the World Bank to begin conducting integrated and comprehensive assessments of efforts to combat money laundering and financing of terrorism, in consideration of the specific situation of each member.

Oversight of Alternative Remittance Systems and Non-Profit Organizations

- We recognize that hawala and other alternative remittance systems provide a valuable service in some areas, but remain concerned that they not be misused by terrorists and their supporters. We call upon our officials, in consultation with the IMF and the Multilateral Development Banks (MDBs), to identify and report back to us on the economic, structural and regulatory factors in the formal financial sector that encourage the use of alternative remittance systems.
- We welcome the recommendations developed by one of the regional FATF-style bodies on alternative remittance systems and underground banking systems. We call upon this group to develop best practices on alternative remittance systems.
- We support the efforts to combat the financing of terrorism shown in the Abu Dhabi Declaration on hawala issued 16 May, and support regulating and monitoring hawala to ensure that terrorists and their followers do not abuse them.
- We will undertake to protect non-profit organizations and well-meaning donors from having their funds misused to support terrorists. We encourage FATF to develop best practices for preventing the abuse of charitable institutions by terrorists.

Law Enforcement Actions and Information Sharing

- Each APEC economy commits to criminalizing the financing of terrorism, as called for under the UN Convention for the Suppression of the Financing of Terrorism. This includes the willful provision and collection of funds, directly or indirectly, with the intention or knowledge of the intention to use those funds to carry out terrorist acts.
- Each APEC economy will increase its efforts to investigate and prosecute money launderers and terrorist financiers. We will work cooperatively to improve our ability to detect and target bulk cash movements that facilitate money laundering and terrorist financing, and to utilize cross-border cash laws, and commit to enhanced coordination.
- Each economy will establish a financial intelligence unit (FIU) or its equivalent as soon as possible in accordance with relevant international standards and take steps to enhance information sharing with other FIUs.

Technical Assistance

- We welcome FATF's efforts to identify economies worldwide for follow-up assessment and technical assistance. We call on the IMF and the MDBs, in consultation with the United Nations, to provide such assistance, in coordination with regional FATF-style bodies and donor nations, to avoid duplication.
- We call on regional financial institutions to become more involved in regional initiatives on terrorist financing and to provide technical assistance to improve economies' legal abilities to prevent the funding of terrorism.
- We commit to collaborate in the provision of technical assistance to economies worldwide that need help in developing and implementing necessary policies, laws, regulations, and institutions to combat terrorist financing and money laundering.

Expanding Efforts

- We fully support private sector initiatives such as the Wolfsberg Statement on the Suppression of the Financing of Terrorism and endorse cooperation between financial institutions and governments. The fight against the financing of terrorism requires the active participation of both financial intermediaries and the public sector. We urge financial

supervisors and regulators around the world to continue to ensure their financial sectors are not abused by terrorists. In this context, we will intensify our efforts to deprive terrorist financiers access to our financial system by ensuring the ability of financial institutions to identify their customers. We attach importance to the need to improve practices and transaction for effective customer identification. To this end, we call on FATF to continue its work to enhance the 40 Recommendations in this area.

- We recognize that continued success in the fight against terrorist financing requires the close cooperation and commitment of the broad international community. We call upon regional and multilateral bodies, including Association of South East Asian Nations Regional Forum and the Pacific Islands Forum, to endorse this Action Plan and commit their own members to improving their efforts to fight terrorist financing. We therefore encourage all economies worldwide to join us in taking these measures.

APEC SMALL AND MEDIUM ENTERPRISE MINISTERIAL MEETING

Acapulco, Mexico
24-25 August 2002

JOINT MINISTERIAL STATEMENT Expanding the Benefits of Cooperation for SMEs

1. APEC Ministers and their representatives responsible for SMEs from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; the Republic of Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Peru; the Republic of the Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam met on 24–25 August, 2002, in Acapulco, Mexico, for the 9th Meeting of APEC Ministers responsible for SMEs. The APEC SOM Chair was present. The APEC Secretariat was also present. The Pacific Economic Cooperation Council (PECC) attended as observer.
2. Ministers and their representatives concurred that micro, small and medium enterprises (SMEs) contribute to ensure sustainable economic growth in the APEC region. Within this context, they reaffirmed APEC member economies' commitment to move forward with the common goal of achieving a sound framework in order to bring about sustainable economic growth in the region.
3. Ministers embraced the importance of facilitating the access to investment among strategic sectors and regions, taking consideration of developing economies' own potentials and opportunities. The strengthening of regional marketplace is also essential to achieve sustainable growth, resulting in a greater job creation and social well being.
4. To further the development of the Osaka Action Agenda (OAA), Ministers reiterated that SMEs in APEC, including micro-enterprises, could make meaningful contributions towards the expansion and acceleration of trade and investment. Ministers called for intensified development cooperation to attain equitable and sustainable development and domestic stability, keeping a close interaction with the private sector.

EXPANDING THE BENEFITS OF COOPERATION FOR SMES

5. Ministers held discussions on how APEC SMEs could best contribute to economic growth in the APEC region and respond to the challenges emerging in the new century in order to reach the free and open trade and investment and liberalization goals set for developed economies in 2010 and developing economies in 2020, under the Bogor Declaration. Their discussion focused on the issues of Policy Environment; Sustainable Development; and Regionalism.

I. Policy Environment

6. Ministers agreed to enrich the cooperation and exchange of information among economies on the appropriate policy environment conducive to achieving sound progress towards SMEs development in the region.
7. Strengthening a supportive environment and fostering entrepreneurial culture is also essential to increase SME competitiveness. Among the ways to strengthen the environment is to provide a sound basis for capital and enterprise formation.
8. Ministers commended the progress made on the efforts to enhance the exchange and cooperation among APEC economies by the implementation of programs such as business matching programs to foster strategic alliances, training and certification for small business counselors, access to financing, consumer education and protection initiatives, access to electronic information, and innovating entrepreneurship.

9. Within the priorities of a conducive policy framework, Ministers encouraged economies to continue working on specific efforts to improve the functioning of markets and to enhance SMEs development and called for further attention on the following:

Micro Financing and Capital Markets

- SMEs need to first to gain access to financing in their home market. Ministers discussed means of helping SMEs to grow domestically through such approaches as the creation of guarantee funds or the participation of non-banking intermediaries;
- Ministers discussed the need to promote a financial system within each economy that fosters cross-border investment and improves enterprises' financial situation, enabling them to participate more intensively in international markets. A legal framework that provides certainty to entrepreneurs is a key factor to assure fair trade practices in the region;

Human Capacity Building

- Ministers discussed the need to accelerate the implementation of training and certification programs including management training, administrative and entrepreneurial skills, quality manufacturing process, enterprise and product competitiveness, technological innovation, technical assistance, and competitive start-up enterprises.
- Ministers called for the promotion of programs to create competitive human resources for start-up businesses that foster the creation of new SMEs and consolidate the permanence of existing ones.

Access to Information

- Recognizing the particular difficulties faced by SMEs in accessing relevant information, Ministers encouraged SMEs to take advantage of initiatives such as the new on-line SME information systems, that provide valuable inputs on enterprises' economic data; business procedures; productivity changes; legal frameworks; and available financial, training, technological and business opportunities for the SMEs in the APEC region.

Technology and Technology Sharing

- Ministers supported efforts to bridge the digital divide between developed and developing economies through mechanisms that foster appropriate technology sharing, and offering support to SMEs in specific sectors and regions in order to optimize their processes and increase their competitiveness. This may include industrial outsourcing practices and enterprise association schemes.

Access to Markets

- Ministers also called for promotion of balanced regional development and develop productivity chains in strategic industry sectors and implement vendor programs in which both big enterprises and SMEs benefit from a permanent commercial relationship in regional and international markets.
- Acknowledging the substantial contribution of SMEs to trade in APEC region and the potential benefits in economic development to be gained through enhancing the participation of SMEs in export markets. Ministers called on APEC working groups and sub fora to develop programs to remove obstacles related to regulatory reform and legal framework, financial services, access to technology and capacity building with the aim to ease the transition into export for SMEs and micro enterprises and to promote the establishment of born global start ups.

Access to Transparent Legal and Regulatory Environment

- Ministers recognized the high cost burden imposed on SMEs in meeting the standards and conformance requirements in order to gain access to the overseas market. In this regard Ministers recognized the work being conducted the Committee on Trade and Investment and its relevant sub-for a, including the Sub-Committee on Standards and Conformance and encourage further work applicable to SMEs in these fora.
- Ministers instructed the SME Working Group to work closely with the Committee on Trade and Investment (CTI) and its relevant fora in exploring ways to further address the concerns of SMEs in meeting the necessary standards and conformance requirements of APEC economies and to report its progress next year.
- Ministers encouraged member economies to step up efforts that contribute towards creating a conducive business environment by eliminating unnecessary bureaucracy red tape and reducing business start-up requirements. Ministers recognized the basic principle of “cutting the red tape and rolling out the red carpet” to start-up businesspeople.

10. Ministers commended the efforts made by Chinese Taipei in addressing the issues of women’s entrepreneur and start-up companies through the APEC Symposium on “Best Practices for Women’s Entrepreneurship and Start-up Companies” held in Chinese Taipei in August 2002. Ministers encourage member economies to take further actions to improve the policy environment for the development of women’s entrepreneur and start-up companies.

II. Sustainable Development

11. Ministers recognized that innovation and start-up SMEs are key elements of success that shape economic growth. The capability of SMEs to benefit from the new economy relies on innovation, since innovation is both the source of competitiveness and the key to survival in the new economy. New SMEs contribute to economic development by triggering competition through innovation, thus resulting in positive economic growth, technological upgrading, job creation, and overall improvement in social well being.

12. Ministers recommended consideration of innovation policies that provide channels for start-ups to access a variety of financing resources, research and development, commercialization, and marketing tools. These innovation policies, within a conducive business environment, may include promoting research collaboration, facilitating networking and clustering of firms, encouraging institutional ties, diffusing technology, increasing personnel mobility, creating a stable macroeconomic environment, and considering a greater integration of micro-enterprises, women and young entrepreneurs.

13. In order to achieve sustainable growth, Ministers encouraged economies to consider initiatives in areas such as:

Micro-finance as a Sustainable Development Tool

- Ministers recognized the importance of micro-finance as a sustainable development tool for micro-enterprises. Ministers took note of the performance of Bank Rakyat Indonesia’s micro-financing system, which provides an extraordinary example of a commercially viable approach that succeeded during an exceptionally severe economic crisis.
- Ministers welcomed the recommendations to (1) develop an appropriate risk based regulatory framework for the commercial microfinance industry; (2) incentivize banks and financial institutions to enter the business of microfinance; (3) provide incentives, training and rewards to commercial institutions that demonstrate excellent performance; (4) limit microfinance subsidies to activities that disseminate information, develop financial tools, and train managers and staff; (5) provide capacity-building initiatives for the most promising institutions entering

the micro-financing market; (6) and share lessons across APEC regarding the transformation of non-governmental organizations to commercial microfinance institutions.

Seed and Venture Capital Business, and Guarantee Funds

- Seed and venture capital investment firms, together with the fast growing portfolio firms in which they invest, and the professional services firms that support them, are powerful sources of job creation, innovation and globalization in economies around the world. Even though they and their portfolio firms comprise a tiny percentage of total SMEs, venture capitalists and private equity investors can play a vital role in accelerating the development of the economies.
- Seed and venture capital businesses have the potential to alleviate the situation of asymmetric information facing start-ups and integrate them into industrial networks, especially high-tech start-ups. Venture capital policies established by SME Administrations within economies can supplement existing sources of funds and reduce administrative obstacles to the set-up and operation of venture capital firms.
- Ministers recognized the need to have a capital formation legal and regulatory landscape which will promote the formation of angel networks, venture capital enterprises, and investment banks with open financial markets. Without these prerequisites it will be difficult to attract capital and the formation of adequate capital markets.

Ministers agreed to consider:

- Undertaking a review of their legal and regulatory structure to determine the constraints for the formation of individual and enterprise capital, including investing in and exiting from enterprises. Revise those laws and regulations that form barriers to the formation, growth and dissolution of SMEs and capital.
- Explicitly authorizing and encouraging its private sector banks, institutions, pension funds, investors and corporations to allocate a prudent percentage of their investment portfolios to limited partnerships in successful venture capital enterprises, with the goal of developing their own economy's capital capabilities.
- Review annually the growth of its capital and SME communities and provide APEC with this report. APEC in turn could consider summarizing and distributing these findings to its member economies.

Incubation Policy Towards Start-up SMEs

- Incubators can provide individuals or small enterprises the support of space, equipment, technology, professional manpower, business services, and information. In incubators, SMEs are allowed to develop new products and new technology to establish a new business and conduct enterprise transformation and upgrades.
- Incubator centers have the potential to be an important platform for cross-industry collaboration within the innovation system and a center to disseminate knowledge within and among APEC economies. It is important that incubator centers carefully choose participants and develop methodology to measure their performance.
- Ministers acknowledged the importance of incubators and industrial clusters to the enhancement of the innovative capacity of SMEs and micro-enterprises. Through these two mechanisms, new forces can continuously inject into economies to sustain the economic growth. Ministers noted that the project, "From Income Generation to Patent Creation: Incubating Innovative Micro-enterprises" proposed by Chinese Taipei this year, is an effort to establish the mechanisms in the APEC region. Ministers look forward to receiving deliverables from this project.

Knowledge Platform for Business Start-ups

- In order to create a conducive environment for business start-ups, a platform may be designed as a mechanism to facilitate entrepreneurs to build up a new enterprise. A knowledge information center for business start-up and a window for consultation are encouraged to be established within member economies. Such centers could provide entrepreneurs channels to establish new ventures among APEC economies by taking advantage of APEC regional, bilateral and domestic information portals available.
- A number of mechanisms are needed to improve the functions of the platform such as assistance in technology consultation, education, financing, and minimizing the administrative obstacles for new firms and ventures. Ministers acknowledge that relying solely on domestic efforts is at times not enough to foster innovative start-ups and maintain sustainable growth. International cooperation is an important mechanism.

Access to Information and Communications Technology

- Ministers acknowledged the crucial cross cutting role that information, communications technology (ICT) fulfilled in allowing SMEs and micro enterprises opportunities to gain a wider global audience for their products and services.
- Ministers recalled the objectives that were launched in Brunei Darussalam to provide greater universal access to ICT and the internet for APEC economies. Ministers also acknowledge the need to increase the human capacity aspect for entrepreneurs to utilize technology to better conduct their businesses and improve greater ability to penetrate international markets. In this regard, Ministers called for human capacity building efforts to be continued with the involvement of all stakeholders towards building institutional capacity and achievement of social development goals.

14. Ministers endorsed the proposal to hold a Seminar on Sharing Best Practices for SMEs Business Development Centers, including micro-enterprises, and commended Mexico, Thailand and the United States for taking the leadership in organizing this event and report its result to the next SME Ministerial Meeting.

III. Regionalism

15. As to regionalism, Ministers noted that while APEC itself is a region, there are also distinct region within most APEC economies. Building a strong economy for APEC as a whole, begins with building strong region within each economy. This is important for economic and social development and SMEs have a key role to play. The challenge in dealing with SMEs is to ensure that they are provided with appropriate and coordinated services at the regional level most suitable for them. At the same time, SMEs should be encouraged to participate in the opportunities created in the whole APEC region.

16. Ministers stressed that efforts must be directed to strengthen productive chains through the promotion of enterprise association schemes, to create formation and development of industry and commerce vendor programs, and the facilitation of access to trade and investment among strategic sectors and regions, taking advantage of developing economies' own potentials, strengths, and opportunities be considered.

17. Ministers recognized that strengthening regional market is key to achieving sustainable development envisioning the expansion to other markets, resulting in a greater job creation and social well being.

18. As stated in the Osaka Action Agenda, Ministers reiterated that market access is critical to the globalization efforts of SMEs and their ability to take full advantage of the post-Bogor environment.

19. Ministers expressed the willingness that by the year 2020, SMEs should be increasingly globalized and internationally competitive as a result of being better able to identify and meet demands for goods and services across APEC economies, and having improved access to timely and quality information about market opportunities.

20. Member economies are encouraged to expand SME economic opportunities by further liberalizing and facilitating trade and investment to enable SMEs to fulfill their potential. SMEs need coordinated business support services in their home region and accurate and timely information on foreign markets, market opportunities, cultural and business practices, and regulations.

21. In this context, Ministers welcomed the efforts made to finalize the APEC SME Profile 2000 and the SME Portal Hub, which provide valuable information on the SMEs situation and opportunities to facilitate access to international markets, trade and investment within APEC economies.

22. Ministers welcomed as well the progress made on updating the Integrated Action Plan for SME Development (SPAN) to establish a generic policy framework and guidelines to help SMEs adjust to policies that support regionalism. SPAN helps participating economies benefit in three ways:

- Allows for international comparability of policies, programs and best practices;
- Assist all APEC fora identify specific policies and programs which may foster the development, growth and competitiveness of micro-enterprises and SMEs (MSMEs) across the region; and
- Situates the assessment of specific MSME policies and programs in the context of regional trade and investment policies.

SMALL AND MEDIUM ENTERPRISE WORKING GROUP REPORT

23. Ministers welcomed the report made by the Working Group on the follow-up tasks given by the SME Ministerial Meeting, the Joint Ministerial Meeting and the Leaders Meeting in 2001, as well as work progress derived from the 2002 tasking statements.

24. Ministers took note of the report on the implementation of Shanghai Accord, and endorsed the establishment of a task force to study the development of a monitoring mechanism and information exchange on MSMEs on a voluntary basis.

25. Ministers also received reports on progress on the broadening and updating the OAA; promoting the adoption of appropriate trade policies for the New Economy; and the initiative on the strengthening ECOTECH and capacity building efforts. The Ministers welcomed the establishment of the APEC IBIZ in its contribution to the capacity building of micro-enterprises and SMEs.

26. Ministers endorsed a set of action plans to be carried out by the SMEWG to implement the E-APEC Strategy. The Action Plan touches upon the elements of: Facilitation for access to information for SMEs through ICT; Consolidation of Infrastructure for ICT Applications; Electronic Commerce; e-Learning; and Application of ICT to Business Management.

27. Ministers encouraged member economies to make full use of services offered in the Virtual Classroom and Cyber Forum of the HCB Promotion Program Website and promote more effective sharing of best practices on human capacity building in APEC, as part of the Beijing Initiative.

28. Ministers commended the efforts made by SMEWG on the implementation of the Framework for the Integration of Women in APEC and welcomed the offer of the United States to continue to act as the Gender Focal Point for the Working Group for the next year and to oversee the study on the Economic Contributions of Women and Men in APEC Economies: The Need for Sex-disaggregated Data.

29. Following the Ministers' instruction to the SMEWG to have closer interaction with the business

community, the Working Group reported that it had been agreed to have the ABAC SME Task Force to report to the SMEWG regularly on action taken in ABAC on SME issues.

30. In response to the APEC Ministers' instruction for the identification and invitation of the participation of outside groups, which could contribute, to their work, the SMEWG agreed to invite the OECD to attend the 15th SMEWG Meeting in Acapulco, to brief the SMEWG on its activities on SMEs. The Ministers instructed the Working Group to continue exploring potential collaboration with the OECD in line with the relevant existing APEC guidelines.

Enhancement and Deepening of SPAN

31. Ministers welcomed the efforts made to advance in the SMEWG amendments to the priority areas and SME-related actions of Osaka Action Agenda (OAA), jointly with the Integrated Plan of Action for SME Development (SPAN); and directed SMEWG to continue encouraging the implementation of relevant and joint activities derived from the document.

32. Ministers approved the proposed enhancement of SPAN (Annex 1). The New SPAN contains:

- guidelines for economies to develop SMEs policies and strategies;
- a suggested framework for economic cooperation concerning SMEs within APEC; and
- a six priority area that represent the focal points for APEC SME initiatives as drawn from the OAA – which now include: policy environment, in addition to human resource development, financing, technology and technology sharing, access to markets, and access to information.

33. The new SPAN included an Evaluation Framework which describes three elements required to assist APEC fora and economies to identify and analyze policy issues, including the review of best practices:

- Efficiency Criteria
- Relevance to Priorities and Objectives
- Cost Effectiveness

34. Ministers instructed APEC economies to further the development of SPAN's Policy Framework including the policy issues relating to the formation and growth of micro-enterprises.

Improving Coordination and Focus of the SME Working Group

35. Ministers recognized the importance of the need for the work of the SME Working Group to focus more closely on policy development and also to improve coordination both between the Group and the SME Ministerial Meeting and the other relevant fora throughout APEC

Completed, On-going and New Projects of SMEWG

36. Ministers welcomed reports on several successfully completed projects, including:

- China's Seminar on Opportunities and Challenges for APEC SMEs after China's Accession into WTO Accession (China)
- USA's Voluntary Visitors Program for APEC SME Officials (USA)
- Training and Certification for Small Business Counselors (Canada/Philippines)

37. Ministers also noted continued progress in assisting SMEs in the region under the SMEWG's on-going projects, including:

- Russia's Innovation Forum "International Business Cooperation in the Sphere of Innovative Entrepreneurship" (June 2002)
- Chinese Taipei's APEC SME Profile 2000
- Japan's Evolving Cooperation Initiative for SME and New Business Support
- Philippines and Canada's Small Business counselors

- USA's Business Partnership Initiative for SME Strategic Alliances
- USA's Consumer Education and Protection Initiative
- Canada and PECC's Portal Hub
- Japan's APEC Business Matching and Advice Program

38. Ministers also welcomed the following new project proposals and instructed the SMEWG to further develop the proposals:

- From Income Generation to Patent Creation: Incubating Innovative Micro-enterprises (Chinese Taipei)
- Entrepreneurs Consortium (USA and PECC)
- Seminars on "Growing the APEC Small Business Exporter Community" (Australia)
- Implementation and Program Enhancement APEC-IBIZ (Mexico and APEC IBIZ)
- The Need and Availability of Micro-Finance Services for Micro-enterprises: Bringing Multi Level Good Practices into Local Context (Indonesia)

HIGH LEVEL MEETING ON MICRO-ENTERPRISES

39. Ministers recognized that APEC is well suited to play a leading role in contributing to the integration of micro-enterprises in the globalization process. Ministers welcomed the efforts undertaken during 2002 to explore ways to assist people engaged in micro-enterprises reap the benefits of economic growth and development that are created by open markets and globalization.

40. In that regard, Ministers considered the outcomes of the High Level Meeting on Micro-enterprises (HLMME), held on 17-18 August 2002, in Acapulco (Annex 2). Among the main findings of the HLMME, Ministers acknowledged that attention to micro-enterprises is an organic part of promoting progress towards APEC objectives in terms of gender equity, poverty alleviation, and the strengthening of social safety nets. At the same time, Ministers confirmed the overarching objective of shared prosperity and the aim to empower micro-enterprises through access to information, training and capital.

41. Ministers stressed that it is necessary to improve the focus of APEC's objectives and develop visionary strategies to achieve them. Moreover, Ministers recognized the need for innovative strategies to access greater funds by building partnerships to mobilize the financial resources of APEC member economies, the private sector and development agencies.

42. In recognition of the unique challenges faced by micro-enterprises and their immense importance for employment and income creation in APEC economies, Ministers endorsed the creation of a sub-group within the SMEWG to address micro-enterprises development. Ministers instructed the Working Group to develop terms of reference for the sub group as soon as possible, and instructed that an action plan for micro enterprises be develop through the sub group, taking into account the result of the High Level Meeting on Micro-enterprises and the work being conducted by relevant APEC fora and other APEC stakeholders, such as ABAC and WLN, and that such action plan is presented to the next SME Ministerial Meeting.

43. Furthermore, Ministers instructed the SMEWG to coordinate, through its new sub-group, work with all APEC fora and sub-fora involved in issues pertaining to micro-enterprises development, such as capacity building, financing, gender integration, information and telecommunication technologies, and infrastructure, among others. (See Annex 2 for executive summary of HLMME).

COUNTER TERRORISM

44. Recognizing that micro, small and medium enterprises are particularly sensitive to economic disruption, Ministers agreed that APEC economies cooperate fully to ensure that international terrorism does not disrupt economies and markets, through close communication and cooperation among economic policy and financial authorities.

ABAC AND WLN REPORTS

45. Ministers welcomed the reports from the APEC Business Advisory Council and from the Women Leader's Network (see Annex 3) on their priority recommended actions, and instructed SMEWG to incorporate them into the group's work, as appropriate.

46. Ministers reiterated the Leaders' calls to economies to appoint an SME representative as one of their ABAC members.

ASIAN SME AND ENTREPRENEURSHIP SUMMIT

47. Ministers welcomed Hong Kong, China for inviting all member economies to attend the Asian SME and Entrepreneurial Summit, jointly organized by Hong Kong Productivity Council and the Mansfield Center for Pacific Affairs of the U.S. Experts, academics and officials from non-governmental organizations exchanged ideas and experiences, in order to help identify best practices of nurturing the development and success of entrepreneurs and SME's in the Asian economies.

RESULTS FROM THE JOINT SESSION WITH BUSINESS DELEGATES

48. Ministers held a joint session with representatives from the Business Forum. Ministers welcomed the extensive involvement of SMEs and both sides welcomed this opportunity for dialogue and supported continued efforts toward producing mutually desired results. During the Ministerial Meeting, representatives from SMEs in the APEC region held a concurrent Business Forum and Exhibition in Acapulco.

49. Ministers welcomed the results derived from the Business Forum discussions on how to trade and invest in various sectors.

STATEMENTS FROM OBSERVERS AND 10TH APEC SME MINISTERIAL

50. Ministers appreciated comprehensive statements provided by the Pacific Economic Cooperation Council (PECC).

51. Ministers look forward to successful implementation of SMEWG activities and participation in the 10th APEC Ministerial Meeting for Ministers Responsible for Small and Medium Enterprises in August 2003 in Chiang Mai, Thailand.

15TH APEC SME WORKING GROUP MEETING

**Acapulco, Mexico
22–23 August 2002**

**PROPOSAL FOR ENHANCING THE INTEGRATED PLAN OF ACTION FOR SME
DEVELOPMENT (SPAN)**

Preface

Reasons for enhancing the SPAN 1998

1. Introduction

Background on the SPAN 1998, and its relationship to the Osaka Action Agenda (OAA).

2. Elements in Planning for SME Development

3. Significance of SPAN

4. Objectives and Strategies

5. Issues and Impediments to SME Development

6. Measures to Address SME Issues

7. Implementation Mechanism

8. Evaluation Framework

9. Conclusion

PREFACE

At the 14th Meeting of the APEC Small and Medium Enterprises in Viña del Mar, Chile on 3-5 April, 2002 a small ad hoc group, co-led by Mexico and Canada, was formed to enhance the SPAN and its implementation by APEC economies and fora. In addition, the SMEWG agreed to revise the SPAN so that it considered amendments to the Osaka Action Agenda (OAA) Part II relevant for SMEs.

This document provides a strategic policy framework and action program for SME development. It is intended to help economies and fora review and implement SME policies and programs, in order to better identify the needs of SMEs and balance competing priorities. This proposal also provides background on the development of the SPAN from its 1998 inception.

In consideration of Mexico's hosting of the High Level Meeting on Micro-enterprises, the proposed revision also attempts to strengthen its priority areas that form SPAN's strategic policy framework. At the 15th Meeting of the APEC SMEWG, participants will be asked to consider how this document reflects the OAA, and advances the role APEC economies and other fora play in addressing the special needs of micro-enterprises, and SMEs owned and managed by women and indigenous peoples in the Asia Pacific region.

I. INTRODUCTION

Background on the SPAN

Since its endorsement by APEC Leaders in Kuala Lumpur in 1998, SPAN has been used as a framework for economic cooperation among APEC fora and economies, on issues affecting the development and growth of SMEs in the region. It provides guidelines for reviewing the issues and impediments facing SMEs in each economy, and implementing policies and activities that address these issues. SPAN assists developing economies plan and implement their strategies for SME development. All economies and fora should recognize the SPAN as an essential tool for addressing proposals and recommendations on SME development, made by the business community. APEC relies on the business community for practical and relevant advice on the challenges of a more liberal and open trading environment.

There are three key purposes of SPAN:

- Guidelines for economies to develop domestic SME Policy Agenda/Strategy
- Framework for economic cooperation concerning SMEs within APEC
- Tool for addressing proposals/recommendations from the business community

The SPAN was derived from the **Osaka Action Agenda (OAA)**, which was developed in 1995. Part One of the OAA translates APEC's 1994 Bogor vision into a long-term action plan for opening trade and investment across the APEC region. Part Two of the OAA consists of a framework for Economic and Technical Cooperation (ECOTECH) among APEC's action programs and working fora. There are three essential elements in this framework: *Common Policy Concepts*; *Joint Activities*; and *Policy Dialogue*. *Common Policy Concepts* indicate the strategic elements necessary in APEC's program for SME development, including objective, vision, basic principles and priorities.

SPAN 1998 adopted the five priority outlined in the OAA's SME *Common Policy Concepts*:

- Human Resource Development
- Access to Information
- Technology and Technology Sharing
- Financing
- Market Access

These issues represent the common difficulties faced by SMEs in all APEC economies, and as a result, form the pillars of a strategic framework for the cooperative development of SMEs in the APEC region.

In 2001, the OAA was amended to reflect the transformation of the global business environment due to technological advancement and trade liberalization.

In Chile in April 2002, the SMEWG agreed to revise the SPAN in order to incorporate the 2001 OAA amendments. The SMEWG also discussed ways for improving the usefulness of SPAN as a mechanism for implementing SME development policies and programs, particularly among developing economies, and those economies with large numbers of micro-enterprises, SMEs in rural and remote areas, and SMEs owned and operated by women entrepreneurs.

This document includes revisions to SPAN proposed by Canada, Malaysia, Mexico, New Zealand, the USA and ABAC. Canada and Mexico co-led the preparation of this document. Among the suggestions incorporated in the document are:

- A sixth priority area “Policy Environment” to the Strategic Policy Framework
- The benefits of strengthening policy dialogue among all APEC economies and for
- A new section – “Evaluation Framework”, to help developing economies and other APEC fora implement and evaluate the effectiveness of SME policies and programs

Since SPAN 1998, technological advancement and trade liberalization has changed the marketplace environment for APEC SMEs. Economies are recognizing the impact of government policies on SME development, particularly those policies relating to competitive market structures and systems. Marketplace framework policies in the areas of taxation, regulation, finance and capital markets, and business support systems may significantly limit the development and growth of APEC SMEs. Therefore, the policy environment affecting SMEs is a key priority in the proposed revision to the SPAN. The six priority areas in the proposed revision to the SPAN are intended to guide Joint Activities and collaborative Policy Dialogue among APEC economies, as well as informing other APEC fora and working groups about policies, programs and best practices that can contribute meaningfully to SME development.

The proposed reviewed SPAN thus sets out a common policy and program framework and guidelines for the support, economic and technical development of SMEs in economies. Developing economies could more effectively review the revised SPAN against their own needs and priorities and thereby plan their SME development agendas accordingly. For all APEC economies, the revised SPAN will provide a more useful framework within which opportunities for APEC cooperation could be explored and work programs could be carried out through the activities of the various APEC fora. As with SPAN 1998, implementation of this policy framework and action plan will be on a voluntary basis.

Background on the SMEWG

SMEs form the backbone of the economies of APEC. They employ as much as 80% of the work force, contribute 30% to 60% of the GNP and account for around 35% of total exports in the region. They also make up over 95% of all enterprises including micro-enterprises.

The status and performance of SMEs in APEC reflect the varied levels of development of APEC economies. Thus, the developing economies are likely to require a more pro-active approach in developing the SMEs while in the more advanced economies SME development is largely guided by market forces. However, whether developed or developing, economies recognize that a supportive business policy environment is crucial for enhancing trade and investment across the Asia Pacific region.

The establishment of the SME Policy Level Group (PLG) in 1994, with the objective of helping SMEs improve their competitiveness and to facilitate their transition to a more open trade and

investment environment, provided a central focus for SME activities in APEC.

With the establishment of a permanent working group in 2001, the SME WG provides the foundation for other APEC fora to incorporate SME considerations within their own mandates and activities. In response to calls by Leaders and Ministers for “the incorporation of small and medium enterprises (SME) priorities throughout the APEC agenda”, a Framework for SME Activities was adopted in Ottawa in 1997. “The overarching goal of the framework is to enhance the relevance of APEC work to SMEs and ensure that activities across the APEC fora provide measurable benefits to SMEs”.

According to the Guidelines of the Framework, APEC initiatives and activities related to SMEs should:

- *Directly benefit SMEs*
- *Be of broad benefit to APEC economies*
- *Complement private sector activities*
- *Complement and advance the SME work of other APEC working groups*
- *Provide opportunities for public – private sector dialogue and cooperation*

The implementation of the Policy Framework involves the annual preparation of a guide on SME related activities across APEC fora according to the priority areas outlined in the OAA. With the proliferation of SME related activities across the various APEC fora, there is a need for an integrated plan which would provide the long term objectives and direction, as well as form the guidelines for the development of SMEs in the developing economies of APEC. This Policy Framework will provide the basis for developing economies to participate more effectively in APEC activities and to draw upon the experiences of SMEs in the more advanced economies of APEC. It would also serve to pave the way for more meaningful cooperation between economies in the activities of the various APEC fora.

The role of the public sector whether in the advanced or developing economies is to facilitate the development of SMEs without interfering in the global marketplace. Moreover, the public sector has to assume an affirmative role in the development of SMEs in the developing economies. Assistance programs are meant to be developmental and facilitate the transition of SMEs to the challenges of a more liberal trading environment. Developing economies will balance the need to liberalize trade and investment with a time period of assisting SMEs to adjust.

II. ELEMENTS IN PLANNING FOR SME DEVELOPMENT

The SPAN has the following key features for a supportive longer-term framework for planning and policy development

- Identification of long term policy objectives and strategic directions and priorities,
- Identification of issues in each of the six priority areas and measures to address them,
- The strengthening of the physical and economic infrastructure specifically for SMEs,
- The incorporation of inputs from the business sector, and
- A checklist for assessing SME policies in the context of APEC overall objective.

III. THE SIGNIFICANCE OF SPAN

SPAN provides the strategic policy framework to support SME growth and competitiveness in APEC and the guidelines for SME development. It covers two key components of SME development in APEC: how best to

- Harness and increase the potential for SMEs to contribute to growth and development in the region for the good of its peoples; and

- Assist the adjustment of SMEs to the changes brought about by APEC actions towards open regionalism and increased economic interdependence.

Presently, some of the projects related to SMEs address the issue of capacity building of SMEs in order to capitalise upon the market opportunities brought about by the APEC process. However, for many of the developing economies, the majority of the SMEs need to make adjustment to the changes and challenges brought about by increased trade and investment liberalization. Thus, there is also the need to give attention to adjustment as well for it is critical in ensuring the continued economic performance of many of the developing economies and thus their interest in the APEC process. The extent of SME development depends on the stage of development of each economy.

SPAN's Strategic Policy Framework and guidelines benefits all APEC economies by helping SMEs adjust to policies that support open regionalism. SPAN helps participating economies benefit in three ways:

- Allows for international comparability of policies, programs and best practices (what works in a given economy),
- Helps all APEC fora identify specific policies and programs which foster the development, growth and competitiveness of micro-enterprises and SMEs (MSMEs) across the region, and
- Situates the assessment of specific MSME policies and programs in the context of regional trade and investment policies.

IV. OBJECTIVES AND STRATEGIES

In 1996 the average real GDP growth for APEC economies was 3.7%. By 1997, the growth rate has fallen to 3.4% due to the Asian financial crisis. According to the APEC 1997 Economic Outlook Report, in the medium term, the APEC region as a whole has good prospects for sustained moderate growth despite the current economic turmoil. Against this economic outlook, the pace of SME development has to be accelerated.

The objectives of an SME Development Plan take into account the differences in the levels of development of each economy. In some economies, there is also a need for special consideration of the interests of micro-enterprises and SMEs operated and managed by women and indigenous people as they form the core of poverty alleviation and rural income augmentation programs.

The objectives of SPAN are to:

- Accelerate the pace of SME development in accordance with its growth potential in the APEC region;
- Maximize SMEs' efficiency along the region's key economic sectors - primary, industrial, trade and services;
- Enhance SMEs' dynamism by facilitating their access to markets, technology, human resources and skills, financing and information;
- Strengthen the resilience of SMEs to withstand adverse macroeconomic and financial developments including external shocks; and
- Achieve socio-economic goals through MSMEs as a source of growth and employment especially in the rural sector of the developing economies of APEC.

A comprehensive approach to SME development is necessary to integrate its role of supporting the industrial structure. This ensures that policy and program initiatives create a conducive, enabling business environment and provide the requisite economic infrastructure and support services.

Within these broad objectives, three key strategic directions for SME development can be identified:

- i. The creation of a conducive business policy environment to facilitate the competitive performance of SMEs.

- ii. The strengthening of the economic infrastructure so as to enhance the resilience of SMEs to adverse macro-economic developments.
- iii. The improvement of regional and sub-regional trade and investment linkages among SMEs in APEC economies by identifying viable economic opportunities, cross-border projects and relevant information services among APEC economies.

These objectives and strategic directions constitute the scope for both collective and individual actions by APEC economies. Individual economies should devise their own criteria with which to measure the achievement of their stated objectives. MSMEs require a comprehensive policy and program package to help them meet the challenges and opportunities they encounter in an increasingly competitive market environment. Therefore, the approach employed in adopting an MSME development plan includes:

- Identification of issues, constraints and impediments to SME development such as those pertaining to skills, finance, technology, marketing and information. (Part 5)
- Measures that address key issues and overcoming various impediments, and focus on strengthening the economic infrastructure. This includes developing business skills, improving access to provision of financial assistance, facilitating technology development and absorption, improving market development and providing relevant strategic information. (Part 6)
- A mechanism by which the components of the SME Development Plan and areas of cooperation may be identified and explored, at the economy level and at the APEC level, through the activities of the various working groups. (Part 7)
- An evaluation framework that outlines expected costs and benefits of the SME policy or program, in order to measure quantitative and qualitative results of the initiative. (Part 8)

A careful identification of the issues and impediments constraining SME development paves the way for solutions to address and overcome them. In this regard, there is scope for the sharing of experiences and learning from the best practices of the more developed APEC economies.

V. ISSUES AND IMPEDIMENTS TO SME DEVELOPMENT

Six constraints to SME development have been identified as priority areas, namely:

- Policy Environment – prudent fiscal management, effective regulatory environment, competitive trade policies.
- Human Resource Development – skills in management and quality control, training and retaining workers, training in financial management.
- Financing – defining and articulating financing needs, high transaction costs, lack of collateral and risk
- Technology – a component of policies on human resource development (financing and skills)
- Market Access – market development and promotion skills, knowledge and information on niche markets, trade barriers
- Access to Information – effective outreach or dissemination system, quality of the content of information

Policy Environment

A conducive policy environment at the economy level benefits all enterprises by reducing barriers to competitiveness. Micro-enterprises in particular are at a significant disadvantage relative to larger firms when faced with existing non-tariff and regulatory barriers. Transaction costs are relatively higher for small businesses.

Specific policies to facilitate and promote the development of SMEs need to address the major constraints that impede their growth. These include access to human resources development, finance, technology, markets and relevant information.

Human Resource Development

In the long term, the competitiveness of APEC economies rests on an effective program of investment in human resources. Human resource development (HRD) policies that are SME specific are focused on developing the management skills of the entrepreneur. SMEs generally lack skills in management and quality control. Many are unable or unwilling to train their workers for a number of reasons. Training is a costly undertaking; and many SMEs find it difficult to retain trained workers, thereby losing such workers to the other corporations. Yet, without the requisite skills SMEs would find it difficult to expand or adjust to the demands of globalization as technology becomes a critical input.

Recent financial and exchange rate instability have adversely affected SMEs in the developing economies of APEC. Years of operating under relative exchange rate stability have insulated SMEs from the imperative to hedge against exchange rate risks. Training modules on financial management should include measures to deal with exchange rate risks.

Financing

SMEs lack awareness of financing resources and programs made available from both private and public sources. In addition, they have difficulties in defining and articulating their financing needs. The small size of these enterprises and the high transactions costs arising from the lack of collateral and thus high risks, explain the reluctance of bankers to provide financing.

SMEs therefore experience delays in obtaining financing. There is a tendency for commercial banks to treat SMEs no differently from the big corporations by insisting on detailed project proposals and collateral.

Technology

The level of technology and skills is a function of the technology applied. SMEs generally lack information on the technological capabilities available. Even when they are able to access the information on technology, their capacity to apply is constrained by the lack of financial resources and the skills that go with the new technology. SPAN emphasizes assistance to SMEs as a package to overcome the multi-faceted nature of the constraints faced by SMEs in applying and adopting technological improvements, that SPAN emphasises assistance to SMEs as a package.

The technology dimension reflects the diversity of SMEs in APEC, ranging from very high-tech innovators to very low-tech informal enterprises. Applications in information and communications technology will greatly contribute to narrowing the disparity among APEC economies. Since technology is embodied in people, a long-term view of technological advancement must form a critical component of policies on human resource development.

These issues also cut across the APEC Working Group on Industrial Science and Technology (IST) as well as the Telecommunications and Information Working Group (TEL). The establishment of APEC Centre on Technology Exchange and Training for SMEs (ACTETSME) marked a significant step forward in recognizing that technology and HRD issues are intertwined. This link was further advanced in 2001 with the e-APEC Strategy, which recognizes that human capacity building and entrepreneurship are fundamental to the development of innovation-oriented policies supporting SME development and growth.

At the economy level, there is a case for the sharing of facilities through pooling resources across industries that is feasible when similar industries are clustered in a specific location. This is evident in the area of contributing to environmentally sustainable development. It is more cost effective to institute common treatment for effluents and pollution control along industry clusters. Apart from the provision of facilities, SMEs also need technical expertise and advice on environmental protection measures. APEC expertise has and will continue to provide guidance in the area of sharing technical knowledge on environmental control.

In order to help remove impediments to technology access, SMEs require information on the technologies available, the cost of the technology and the expertise available to impart the requisite skills that accompany the adoption of new technology. Relevant information on market structures and the legal and regulatory regime supporting e-business and investments in ICT infrastructure facilitate effective technology exchange and technology sharing among SMEs. Information will also enable the pooling of resources and sharing of facilities across industries, especially where they are clustered within a similar locality.

Market Access

There are several aspects to the issue of market access. Among these are market development and promotion, market information, trade and market barriers. APEC achievements in this regard have been most significant in the area of reducing tariff and non-tariff measures and in promoting trade and investment facilitation. Individual Action Plans (IAPs) in each economy have set out the schedule for tariff reductions to meet the 2020 milestone. Progress has also been made in the area of non-tariff barriers to trade, on the harmonisation of customs procedures and better protection for intellectual property. Activities are also undertaken to establish best practices studies and seminars on market development. Such activities should be extended on an industry basis.

At the economy level, SMEs face difficulties in marketing their products due to poor quality, knowledge of markets and marketing skills. Owing to their low level of technology, products produced by the SMEs are of poor and inconsistent quality. Often the products are not attractively packaged nor properly described. SMEs often lack the knowledge to explore the niche markets for their products. One of the constraints is that they lack the resources to advertise and promote their products.

Access to Information

There are two dimensions to the issue of information access. One is the content of the information, the other is the information dissemination system or effective outreach. With regard to the content of information, SME's immediate needs include the following:

- information on markets, material suppliers, technology and technical services
- information on the sources and types of financing available
- information on industry, national, regional and international outlook

The discussion of the issues with regard to the areas which have been endorsed by APEC Leaders as priorities for SME development, suggests a role for affirmative action at the economy level to overcome the many difficulties faced by SMEs. As the problems faced by SMEs are circularly causative, programs to assist SMEs to be truly effective, must be delivered in a comprehensive package.

SPAN essentially recognizes that these enterprises have different capacities both managerial and financial from the larger corporations and therefore must be nurtured. Such a plan should therefore include the following components:

- planning the provision of the physical and economic infrastructure
- making available the requisite financing
- establishing the institutional structures

VI. MEASURES TO ADDRESS SME ISSUES

This paper proposes that the above is best achieved by enhancing and reconfiguring the six priority areas of SPAN (human resource development, finance, technology and technology sharing, access to markets, access to information and policy environment) with the following eight **enablers** of SME development:

- Regulatory and business environment;
- Enabling access to skills and expertise;
- **Facilitating new business opportunities;**
- **Promoting entrepreneurial culture;**
- Enabling access to finance;
- Fostering access to innovation and new technologies; and
- **Access to infrastructure and resources;**
- **Fostering collaboration and linkages.**

Proposes some policy initiatives that could respond to specific gaps or weaknesses identified in APEC economies, such as:

- **Business Environment** – an affordable physical environment or infrastructure where firms can work in collaboration for the benefit of their community, a clear and transparent regulatory framework that serves as a mechanism for dispute settlement and protection of property rights, and taxation policy.
- **Human Resource Development** – skills development funds, institutions for vocational or specialised training, tax incentives to encourage R&D among SMEs.
- **Finance** – specialised financial institutions, credit guarantee corporations and export credit refinancing schemes.
- **Technology Adoption** – community-based or cluster context that facilitates industry linkages and interaction among firms, extension centres that provide technical skills, an R&D culture among SMEs .
- **Market Development** – standards that enhance product quality, contract manufacturing (outsourcing), franchise development, trade fairs, adoption of e-commerce, micro-business development through enhanced consumer protection regulations, databases for business matching government procurement.
- **Information Dissemination** – institutions that promote SME development through outreach, mechanisms that increase private-public dialogue on issues, strengthened trade and industry associations.

Includes a model policy framework that helps economies and other APEC fora identify the needs and requirements of SMEs, with consideration to the stage of enterprise growth and the life cycle of the product and services provided.

Highlights the need to integrate micro-enterprises and SMEs operated by women entrepreneurs into the economy as it adjusts to more liberalised trade and investment.

Regulatory and Business Environment

The regulatory and business environment in which firms operate is critical to the development and growth of firms as it can generate the certainty and trust necessary for production activity and growth. Improvements to the regulatory and business environment are likely to focus on fostering a competitive business environment (domestic and international), minimizing regulatory compliance costs, encouraging eco-efficiency, specifying and protection of intellectual property rights and enabling access to foreign markets.¹

¹ Mexico has sought such an environment by simplifying the tax system and establishing incentives to promote investment through tax deductions. In recent years, New Zealand has endeavoured to improve the regulatory and business environment by reviewing international trade policy, in particular, tariff policy and introducing regulatory and business compliance costs statements to accompany government proposals.

The economic environment is shaped by the regulatory framework. It is recognised that the regulatory framework provides the rules within which businesses operate need to be transparent and unambiguous. It serves as a mechanism for dispute settlement, protection of property rights, both physical and intellectual and sets the ground rules for competition. However the uniform application of such rules and regulations can be onerous on the SMEs. These enterprises therefore need some interim assistance to comply, at the same time that steps are taken to strengthen the regulatory framework.

Taxation policy has a significant and fundamental influence on economic growth and competitiveness, and job creation for SMEs. Taxation policies are the rules by which governments raise revenue for targeted programs and services that support SMEs and other social and economic development initiatives. But complying with taxation policies and regulations can impose particular burdens on SMEs with limited access to financial and technical resources, particularly new businesses starting their operations and micro-enterprises. To ease the compliance burden, encourage business incubation and job creation in SMEs, tax measures and systems could be made simpler by linking them directly to the earning of net income, rather than to other business functions such as buying supplies or hiring people. Tax measures that facilitate retention of earnings will help SMEs finance their own growth internally.

Human Resource Development

Enabling Access to Skills and Expertise

Research suggests that SMEs often struggle to access the skills and capabilities that are required to pursue innovative and entrepreneurial opportunities. This may be due to a low domestic 'stock' of human capital or an inability, particularly in the private sector, to absorb and successfully apply commercially relevant and valuable knowledge currently available and accessible. It is also important to note that the rate of technological change is likely to continually change the demand for skills in the labour market. The pace of change makes it more likely that today's workers will need to up-skill more often, change jobs and probably careers several times during their working lives. Rather than technological and science skills per se, the most crucial "skills set" for innovation and entrepreneurship is likely to consist of:

- Soft skills such as teamwork and communication, a willingness to learn new skills, and motivation to seek new educational opportunities, including enterprise skills;
- The flexibility to adapt to new technologies; and
- Basic skills such as literacy and numeracy.

Promoting Entrepreneurial Culture

Governments also have a role in economic development through initiatives aimed at building confidence and positive attitudes towards entrepreneurship, pride in business success and acceptance of failure, and encouraging and supporting new ideas and social responsibility.²

- Soft skills such as teamwork and communication, a willingness to learn new skills, and motivation to seek new educational opportunities, including enterprise skills;
- The flexibility to adapt to new technologies; and
- Basic skills such as literacy and numeracy.

² Both Mexico and New Zealand are seeking to promote an entrepreneurial culture by providing opportunities for individuals and communities to build specific and practical knowledge and skills for enterprise. Mexico has also developed an entrepreneurial register to encourage links between businesses. New Zealand is developing a culture in which links between business, schools, and education more generally, are seen as a natural partnership.

Increasingly human resource development and technological advancement have become requisites in the pursuit of competitiveness. Public policies to address issues faced by SMEs in these two areas which are intertwined, include:

- The setting up of a fund for on-the-job training: such skills development funds are essentially financed by industry
- The creation of institutions for vocational or specialised training which can be either public or private funded
- The provision of funds and tax incentives to encourage R&D among smes; in particular the encouragement of collaborative research between public and private research institutes
- The promotion of high technology ventures through the creation of venture capital companies

Technology

Fostering Access to Innovation and New Technologies

Technology is key to productivity increases in SMEs and allows SMEs to develop new products and access new markets. However, SMEs generally face barriers in taking up new technologies. Transaction costs tend to be high for SMEs when implementing new technologies such as ICT and biotechnology. As a result, the risk of failure tends to be high when investing in these technologies and, unless competitive pressures are great, will typically far exceed the risks of doing nothing. Given these risks, SMEs must have a very high confidence level that new technologies will be successful, and with a minimum disruption to operations.³

Technological issues need to be considered in the context of the industry cluster within which SMEs operate. There is a need to move beyond removing impediments and providing the means of acquiring technology towards fostering the relationship for interaction between firms. The best way for innovations and technological improvements to take place will be through industry linkages. Ultimately, the private sector should take the lead in hastening the pace of technological advancements in SMEs.

In addressing the technology needs and access to technology, cognizance must be given to the differences in the level of development within an economy and between enterprises across the APEC region. Therefore, strategic directions in addressing the access to technology will point to the need to:

- Create and increase awareness of technological developments
- Encourage adoption of appropriate technology
- Inculcate R&D culture in smes whenever appropriate
- Encourage and support innovation and creativity in SMEs
- Set up extension centres and provide trained personnel to help SMEs make effective decisions about technology
- Eliminate impediments including gender-biased impediments to technology acquisition

³ In enabling access to innovation and new technologies, Mexico is to create a sector fund to support the technological development of SMEs. This will involve implementing consultancy schemes and the establishment of Productivity and Technology Link centres, which will offer SMEs technological support and supply technology to SMEs. The New Zealand Government has policies which are directed at enabling access to innovation and uptake of new technologies, including eco-technologies through fostering the capacity to create, absorb and commercialise new ideas generated here or overseas.

⁴ New Zealand has endeavoured to provide SME's access to finance through policy, which is focussed on providing information on the conditions and expectations of lenders. Mexico has sought to enable firm access to finance through the creation of guarantee funds in order to reduce the risk of the financial institution and the establishment of non-banking financial intermediaries to promote financial factoring and risk capital outlines.

Finance

Enabling Access to Finance

The growth of firms is dependent on access to financial capital so that they may finance investment in land, labour, capital (physical and human) and knowledge or technology. Research indicates that many firms face difficulties in raising capital at an early stage of development, which may be attributed to too few financiers and deal making experts focussed on start-ups and early stage innovations due to the relatively high risks and costs of assessment, investment and monitoring involved. Further, SMEs often overestimate value and underestimate risk, do not know how to present proposals, are unwilling to share control or provide information on their ideas in return for capital, and do not have a good understanding of when or how they should seek access to capital.⁴

In developing economies, SMEs face difficulties in terms of both availability and access to finance. Given the reluctance of commercial banks to lend to this sector, governments take the lead in setting up specialised financial institutions. There is a limit to the effectiveness of such a measure and some mechanism has to be explored to encourage commercial banks, with their larger branch network to lend to SMEs. Governments can set up credit guarantee corporations to insure commercial banks from default arising from advancing loans to SMEs without collateral. Similarly, export credit refinancing schemes may be instituted to reduce the risks arising from exporting. Documentation difficulties can be overcome by designing simple forms for loan applications rather than insisting that SMEs submit detailed project proposals.

Other forms of financing should also be made known to the SMEs. These include equity financing, issue of debt and venture capital, especially in the high-technology industries. SMEs also need to be trained in managing various financial risks, in particular those arising from exposure to foreign exchange volatility that has now become a major feature of globalisation.

ABAC recommended that other new initiatives that would provide more favourable financial environment for SMEs are:

- Create financial institutions to support SMEs
- Develop performance-based lending practices
- Encourage banks to allow loan restructuring
- Provide credit on an equal and open basis
- Provide micro lending
- Allocate funds from the IMF's Structural Adjustment Loan (SAL) to provide low interest loans to SMEs
- Provide short term, tax relief options for SMEs

Market Development

Facilitating New Business Opportunities

In terms of facilitating new business opportunities, governments have a role to play both in enabling a conducive environment for foreign direct investment, facilitating and adjusting factors that may affect new opportunities, and fostering access to overseas markets for firms, mostly through export promotion and consulting on opportunities.⁵ This area is directed at enabling economic development through the following:

- Providing advice and information on managing rapid growth and/or attracting foreign direct investment (FDI);

⁵ The Mexican Government has endeavoured to facilitate new business opportunities through business matching, the development of infrastructure in other countries and the provision of information to SMEs on business opportunities.

- Fostering export opportunities;
- Promoting the development of eco-business opportunities; and
- Maintaining a database of purchasers and suppliers.

Product quality is the primary consideration in marketing. Various initiatives can be taken to assist SMEs in developing their market, both locally and internationally:

- Create institutions to enhance product quality through the setting up of standards and encouraging SMEs to apply for ISO 9000 certification
- Promote contract manufacturing or its variant, vendor development programmes and an integrated marketing effort which draws on the expertise of large enterprises in terms of product quality and technology transfer
- Encourage SMEs to take up franchises and assist others to develop franchises
- Organise SMEs to undertake collective efforts in support provided marketing through the setting up of marketing boards which are self-financing
- Provide incentives for SMEs to participate in trade fairs and market promotion
- Enable smes to take advantage of the opportunities for market expansion through the adoption of electronic commerce

Measures to improve market access include:

- Better information on markets by economy and by industry
- Accelerate efforts to reduce the transactions costs of international commerce
- Facilitate SMEs bidding for government procurement by debundling of contracts on trade and investment
- Assist SMEs to access into export market through joint trade and investment promotion missions
- Facilitate the forging of inter and intra firm linkages
- Making available electronic databases on business matching and facilitation services
- Encourage the adoption of electronic commerce

These measures meet the needs of SMEs that are internationally competitive or those that have the potential to internationalise their operations.

Apart from these measures, special consideration should be given to domestic-oriented SMEs through:

- Market development programmes
- Special consideration in government procurement
- Institute special marketing authorities or marketing boards to handle the marketing of their products
- Further extension and outreach efforts in marketing skills and management

In anticipation of the critical importance of electronic commerce in dictating the way in which markets are accessed in the future, an important component of the integrated plan is to seek to accelerate the adoption of electronic commerce among SMEs throughout APEC. This would entail adopting and implementing the work programme of the APEC Task Force on Electronic Commerce over the next 5 years:

- Provide SMEs with access to electronic commerce through the provision of the requisite information infrastructure
- Identification of impediments to electronic commerce in the region in cooperation with relevant APEC fora and other international organisations
- Promote greater public sector use of e-commerce as a catalyst for wider uptake
- Development of joint government-business outreach and training programmes

Information Dissemination

SMEs require a variety of information with regard to regulations, financing, technology development, sources to obtain training, and market trends and development. While a variety of services and assistance programmes may already be available, many SMEs remain passively uninformed. Thus, enhancing the dissemination of such information is desirable. However it is a very costly activity, as it entails the organising of seminars all over the economy, printing and distribution of brochures. Putting in place an effective system of dissemination remains a challenge in efforts to promote the development of SMEs in most developing economies. Among the measures that can be taken are:

- Establishment of institutions to promote SME development
- Private-public sector dialogue mechanisms
- Strengthening trade and industry associations

Access to Infrastructure and Resources

SME development is dependent on access to infrastructure such as provision of roads, solid waste management/disposal, electricity and telecommunications and the sustainable consumption of natural resources. In order to ensure that environmental concerns are taken into account, it is important that government ensures that well-defined property rights exist for natural resources such as radio spectrum and minerals in their control. Where property rights are not enforceable or transaction costs are high then there is a role for government intervention through regulation. This can be achieved by providing, for example:

- Efficient electricity and telecommunications communications markets that are, as far as possible, self regulating (through competition and governance mechanisms);
- Resource management legislation that addresses environmental needs, but does not unnecessarily impede economic development; and
- Effective management regimes and property rights for natural resources that are controlled by the State (e.g. radio spectrum, minerals, etc).

Fostering Collaboration and Linkages

In recent years, a number of economies have undertaken extensive research into what would constitute a best practice policy framework for SME development, including the participation and inputs from academics, international bodies such as the OECD and practitioners of SME development. Particular emphasis was placed on appropriate policy design, implementation and evaluation.

This research included an international comparison of economic policy objectives among key organisations and government departments, which revealed that there is consistency in the approach taken towards fostering economic development and growth. Respected organisations such as the OECD and the London Business School and countries such as Mexico, the United States and Australia all adhere to a policy framework emphasising the importance of a supportive regulatory and business environment, information, finance, a culture of enterprise, skills and management capabilities, and innovation and new technologies.

For the purposes of policy development, it is proposed that the strategic policy framework of SPAN prioritise the following eight best practice enablers of firm/SME development:⁶

⁶ While the following framework is not solely focussed on SMEs, their importance to all economies means that the framework tends to be deeply influenced by the requirements of SMEs.

Given the significance of collaboration and linkages in current thinking on innovation and entrepreneurship, it is also important that these are fostered for several reasons. At the firm level, SMEs are often unable to capture and/or identify market opportunities that require a large scale of combination of inputs. Collaboration can improve the competitive position of SMEs and reduce the problems related to their size through mutual support. The advantages of co-operation among SMEs are usually connected with collective economies of scale, the benefits of dissemination of information and inter-firm division of labour. These benefits tend to increase when transaction costs are low, and these in turn tend to decrease with geographic proximity and the establishment of shared infrastructure.

In addition, regional collaboration tends to have strong formal and informal linkages between firms and other institutions such as local government, local universities, government research labs, and other units in the supporting technological and business infrastructures. The larger the collaboration or cluster, the more it is able to supply its own demand for critical intermediate inputs. In addition, collaboration gives practical emphasis to the idea that flows of information and, in particular, knowledge between people and institutions are essential to regional development.⁷

A Model of an Integrated Plan

Many of the various measures and programmes to promote SMEs that are integral components of a comprehensive planning effort have, at one time or other, been adopted in many of the APEC economies. These are summarised in Figure 1 which shows the various initiatives that can be undertaken to promote the start and growth of new enterprises. The needs and requirements of SMEs vary not only with the nature of their businesses, but also with the stage of enterprise growth and product life cycle. This is illustrated in Figure 2.

An important consideration in planning the development of SMEs is the need to integrate the interests of micro enterprises, and SMEs operated and managed by women entrepreneurs. Micro enterprises provide an important means of employment and income generation. These enterprises have to be integrated into the mainstream as the economy transforms. There is a case in developing such enterprises that provide inputs or services to for example the tourist industry or to localised agro-industries.

In the case of SMEs operated and managed by women entrepreneurs it is necessary to discern the extent to which these enterprises face gender-bias impediments in their attempts to seek financing, skills, technology and training and in marketing their products. The interests of women entrepreneurs form an integral part of an overall approach to entrepreneurial development. Measures to address gender-bias impediments should seek to change mind-sets, assist women in their attempts to seek financing, skills, technology and training, and in marketing their products, and publicize the fact that women have better repayment records as experience with rural credit institutions testifies.

⁷ Mexico has implemented programmes to promote co-operation among inter-related chains of production in order to increase production and capability through synergies and complementarities. In addition, they have introduced programmes of development for suppliers and distributors in which large companies benefit through guaranteed permanent input supply and stability in prices, and small companies can gain access to permanent commercial relationships. The Mexican Government has also implemented mechanisms to create and guide investment in specific regions and sectors. The New Zealand Government has specific programmes to encourage networking and cluster development and collaboration. Funding support is provided for clusters, for incubator projects and for the development of sector strategies around particular industries. These strategies are developed in the form of a joint government/industry partnership drawing in all major players and the full range of government agencies who may be able to contribute.

Figure 2: Assistance Programmes by Stage of Enterprise Growth			
Start-up	Growth	Expansion	Going Overseas
Computerisation	ISO 9000 Certification	Automation Leasing	Business
Finance	Computerisation	Brand Development	Development
Prod. Development	Finance	Business	Tax Benefits
R&D Incubator	Technical Assistance	Development	Franchise
Skills Development	Industry Upgrading	Franchise	Development
Seed Capital	Market Development	Development	Finance
Business	Product Development	ISO 9000 Certification	Industry Upgrading
Planning	Tax Benefits	Computerisation	Finance
Management Skills	Skills Development	Finance	Market Development
Financial Mgt.	Software Development	Technical Assistance	Investment
	Venture Capital	Market Development	Development
		Product Development	
		Skills Development	
		Venture Capital	

Source: Growing with Enterprise-A National Effort, Economic Development Singapore, 1993

VII. IMPLEMENTATION MECHANISM

An implementation mechanism

- Notes that the form and structure for SME development adopted by economies is less important than the development of clear policies and programs which aim to make access more convenient for SMEs.
- Establishes APEC's first target or milestone (in 2003) for measuring the progress of economies' efforts towards SME development, namely: larger roles for APEC Working Groups in concert with the Committee on Trade and Investment (CTI).
- Identifies SPAN's role in identifying the needs of SMEs, particularly for micro-enterprises and in developing economies, to help other APEC fora consider these needs in their planning activities.

The varied and multi-dimensional needs of SMEs suggest that planning for their development is a continuous process. To be effective, the planning process must be supported by an institutional structure that enables policy development, implementation and evaluation. In some countries specialized agencies or ministries are established to take responsibility for the development of SMEs. Whatever the form, it is important that the impact of the government policies affecting SMEs are well-understood and programs carefully designed to avoid duplication and waste of scarce resources. Support and assistance programs for SMEs, whether delivered by agencies or government ministries, should be widely accessible and convenient, such as one-stop service centres provide such convenience.

At the APEC Level, the SMEWG is now best placed to coordinate APEC-sponsored SME related activities across fora, and ensure that such activities reflect the policy priorities outlined in SPAN. The SMEWG is entrusted with the task of communicating SME related issues to the other Working Groups and in turn integrating feedback from these Working Groups into planning future activities.

Since 1998, APEC Working Groups have assumed larger roles for SME development in areas relating to the priority areas outlined in SPAN. This effort cooperatively facilitates the adjustment of SMEs to the demands of market liberalization. In designing future activities, the following should be considered:

- Determine the extent of the impact of trade and investment liberalisation on SMEs
- For SMEs affected, undertake measures to facilitate their diversification to other activities
- Involve private sector groups in the design of self-help programmes for SMEs

The ultimate beneficiaries of SPAN are the private sector. APEC's business community should assume a larger role in cooperating among themselves to further the interests of the SMEs. In this connection existing private sector participation at the APEC level such as ABAC should increase their efforts to communicate APEC decisions to the SMEs in their home economies. Consideration of the views and recommendations by the business sector along the priority areas for SME development would certainly form an integral part of the planning process under SPAN.

In many economies, however, industry associations and other intermediaries are not well developed. Strengthening such organizations should be a top priority. Industry associations and intermediaries also provide the channels for information dissemination and outreach and form a convenient focus for private-public sector dialogue to shape or fine-tune public policies.

APEC Cooperation

While SPAN has particular relevance for the developing economies of APEC, it also provides the focus around which the activities of the various fora can be constructed. The experiences of SMEs in the more advanced APEC economies serve as best practices and models that can potentially be replicated elsewhere, especially since such experiences arise in response to market forces.

The activities of the APEC Working Groups should reflect the developmental needs of SMEs by planning activities that are sequenced towards achieving desired outcomes. While the Working Groups are separated according to policy areas of concern, the need remains to work cooperatively within the SPAN in order to address the issues faced by SMEs. This suggests a necessity for Working Groups to undertake activities on a joint basis in future.

VIII. EVALUATION FRAMEWORK

An Evaluation Framework

Describes three elements required to assist APEC fora and economies to identify and analyze policy issues, including the review of best practices:

- Efficiency Criteria
- Relevance to Priorities and Objectives
- Cost Effectiveness

To ensure that APEC SMEs benefit from cooperative economic development among economies, and to respond to those economies concerned about doing more to improve the policy environment affecting SMEs, a framework for assessing SME policies and programs should be developed and implemented. An evaluation framework will help APEC fora and individual economies increase their contribution to SME development through a more focused analysis and identification of best practices, in order to guide resource allocation decisions and allow for lessons to be drawn and communicated.

An effective evaluation framework ensures that each economy assesses its SME policies and programs according to the six priority areas outlined in SPAN, and its own objectives, needs and priorities. One economy for example, may determine through its assessment that issues relating to policy environment have been satisfactorily addressed, while technology development and absorption among SMEs is disappointing. Using a common evaluation framework also allows for comparability of SME policies and programs across the APEC region, and helps the various APEC fora explore joint activities and work programs, and identify opportunities for cooperation.

Three elements are important in analyzing and evaluating policies and programs:

- **Efficiency Criteria** – Consider whether the policy, program or instrument is more efficient than others in terms of trade liberalization and investment facilitation, whether it addresses a clear Ecotech priority; whether it complements conditions created within APEC’s regional economic and business environment; and whether it ensures a degree of flexibility in responding to unpredictable changes.
- **Relevance to Priorities and Objectives** – Consider whether the policy, program or instrument meets:
 - Overall government priorities – e.g. job creation, enhancing competition, export promotion, regional policies.
 - Specific SME development objective – e.g. information provision, training and education, enhanced market access.
 - Market, government and systemic failures – i.e. How will the policy or program alleviate identified market failures? What co-ordination is needed between different orders of government?
 - Framework conditions – e.g. government/industry relationships, tax systems, competition rules, bankruptcy laws, overall macroeconomic framework.
- **Cost Effectiveness** – Consider how the policy or program was implemented, the expected costs and benefits of its implementation, and whether approach chosen was reasonable given the benefits to SMEs across the APEC region. For developing economies, cost effectiveness may be one of the most important considerations when deciding how to allocate scarce resources to SME development policies and programs.

The assessment or evaluation of policies and programs is an important pre-requisite for identifying best practices. Best practices are drawn from the evaluations of policies and programs, and illustrate what “works” despite differences among economies’ structure, performance, marketplace conditions, etc. Best practices help economies and other APEC fora identify practical policy options and recommendations for adjustment.

To determine best practices and the overall impact on the development and growth of APEC SMEs, the SMEWG and economies should seek feedback on the evaluation results from other fora and the private sector.

IX. CONCLUSION

SPAN provides the guidelines in the formulation of an integrated plan for SME development that serves to bridge the gap in the level of development among APEC economies. It forms a convenient reference point for economies to review their own initiatives and programmes to promote the growth and development of SMEs in order to plan future action at the economy level and collaborative efforts at the APEC level. At the same time, it also provides the framework for continuity in planning future APEC projects and in ensuring that initiatives are balanced in meeting the needs and aspirations of economies, and the special interests of micro-enterprises and SMEs operated and managed by women entrepreneurs.

- Concludes that SPAN serves three functions:
- Bridges the gaps between different stages of SME development among enterprises, and levels of enterprise development in APEC economies;
- Acts as a guide or reference point for economies to review their own initiatives and programs, and to plan future action;
- Provides a strategic framework for cooperation among APEC working groups that leads to initiatives that consider the special interests of micro-enterprises and women entrepreneurs.

HIGH LEVEL MEETING ON MICRO-ENTERPRISES (HLMM)

Senior Officials' Meeting III Acapulco, Guerrero, Mexico 17–18 August 2002

Executive Summary

In any economy, units of production can be grouped into large, medium, small and micro-enterprises and the proportions of each vary among economies and over time. The presentations and discussions at the HLMM confirmed that micro-enterprises play an important role in all APEC economies, enabling the participation of large numbers of people in productive economic activity while fostering entrepreneurship, innovation and self-reliance.

According to the Profile of SMEs and SMEs Issues in APEC 1990–2000⁸, nearly 72% of all private sector enterprises in APEC are micro-enterprises representing 20% of private sector employment. While these data rely on a quantitative or formal definition of micro-enterprises, they provide a clear indication of the wealth producing potential of the sector, once informal micro-enterprises and the self-employed are added. The significance of the formal micro-enterprises sector suggests that these forms of business are a “seed bed for entrepreneurship and growth, as an alternative to unemployment, and as a means of alleviating poverty.

In APEC economies, whether in the regulated or unregulated economy and regardless of the kind of activity involved, micro-enterprises employ hundreds of millions of real people, young and old, men and especially women, achieving real outcomes in real time.⁹

The characteristics of micro-enterprise

A number of case studies and other papers presented to the HLMM made the case for micro-enterprise to be considered as qualitatively different from other business entities, large, medium, or even very small. The meeting considered a categorisation in which micro-enterprise was distinguished from other business entities by criteria including organizational characteristics, financing, equipment and technology, accounting and personnel procedures as well as relations with government. While there are likely to be exceptions, the categorisation provided in the attached table provides a useful basis for the purposes of further discussion.¹⁰

There are significant differences in the micro-enterprise profiles of developed and developing economies. These include differences in the size and importance of the micro-enterprise sub-sector, in the kinds of activities undertaken, the availability and comprehensiveness of data, the level of technological sophistication and the degree to which micro-enterprises are involved, directly or indirectly, in international trade.

In many developing economies, micro-enterprises constitute a significant proportion of economic activity, contributing to production, consumption and local trade in goods and services. In such economies micro-enterprises are typically an individual or household-based productive unit. The majority of participants at the HLMM also accepted a characterization of micro-enterprise in terms of its informal character, particularly in the developing economies.

⁸ Dr. Chris Hall, PECC on behalf of Chinese Taipei

⁹ “Micro-credits and other financing mechanisms” Vicente Fenoll Algorta,

¹⁰ Adapted from : “Women’s Micro-enterprises in Mexico: an Urban Overview” National Institute for Women, Mexico

Micro-enterprises are often engaged in producing goods and (especially) services which are important in the consumption baskets of low income households. Micro-enterprises are also where people find income-earning opportunities if they cannot find other more formal employment (or self-employment) or are displaced from other work by changing circumstances. In that sense, micro-enterprises constitute important social safety nets in developing economies.

While not all agreed with all aspects of such attempts to define micro-enterprise, participants recognized the potential for information sharing with regard to micro-enterprise policy frameworks and best practice to enhance the contribution of microentrepreneurs to economic growth and increased prosperity.

The meeting noted that women are significantly represented in the micro-enterprise sector, both in the so-called “informal” and in the formal economy. It was also recognized that micro-enterprises owned and operated by women also have distinct characteristics that need to be addressed. Participants at the HLMM were also reminded of the importance of micro-enterprise in the creation of employment. Demographic trends in APEC economies indicate the need for substantial efforts to provide opportunities for young people, particularly in developing economies, and for aging populations in the developed economies.

The HLMM considered whether it is useful to apply quantitative measures (such as size of employment or turnover) to identify micro-enterprises. Although such limited official data as exist has usually been compiled using such measures, there was little support for the application of any simple quantitative definition as a matter of principle. Participants agreed that it was best not to be prescriptive in matters of definition, having regard to the differences in circumstances in and between developed and developing economies; allowing each economy to place itself along a micro-enterprise continuum.

The meeting found that the term ‘financial exclusion’ was a useful way of describing an almost universal disability of these smallest business entities. This means they are excluded from the financial services of conventional financial institutions, finding it difficult to raise start-up or working capital, or to accumulate savings in secure ways in order to permit their expansion. The presentations and discussion suggest that in all economies, including developed economies, there is some proportion of low-income or otherwise disadvantaged households that is beyond the reach of formal financial services.

Domestic policy principles to support micro-enterprise

Several significant policy principles were identified for implementation at the national level, to contribute to the growth of micro-enterprises and encourage their participation in international trade.

Information gathering/data analysis: While acknowledging the difficulties likely to be encountered in a proper enumeration of the level and scope of micro-enterprise activity, particularly in the unregulated sector, a number of the presentations and case studies pointed to the need for more attention to be paid to data collection. It was suggested that data collection should proceed on a clearly defined basis, even if direct comparability between developed and developing economies is not possible, with particular attention paid to gender disaggregation.¹¹

Policy and regulatory frameworks: Several presentations pointed to difficulties for microentrepreneurs in developed economies, due to the heavy burden of regulations which are typically not designed with them in mind, but affect them disproportionately, due to their relatively small size. This leads to high transaction and conformance costs¹². Further work was recommended

¹¹ “Women’s micro-enterprises in Mexico: An Urban Overview” National Institute for Women, Mexico

¹² “Institution Building and Improvement in Applicable Policy and Regulatory Frameworks” Gustavo A Bello

ease this regulatory burden and to design procedures and protocols suited to the needs of micro-enterprise, for example for e-commerce and e-government. Intellectual property protection was also identified as a significant issue for micro-enterprises, particularly in high-technology and services industries in developed economies.

Deepening of financial services: The HLMM addressed the issue of financial exclusion, suggesting that this might be a problem which could be usefully examined in a micro-enterprise framework. Such an examination could involve the study of innovative approaches to providing financial services to the excluded for example, through micro-finance (savings, credit, insurance, remittances and mentoring facilities).¹³ It was agreeable for the whole audience to suggest that APEC governments should pursue the objective to provide with financial services to too many micro-enterprises, rather than just a few micro-enterprises, such services are generally best provided through unsubsidized commercial or non-governmental channels.

Access to technology: There is ample evidence of the relevance of access to, and appropriate use of, information technology by, micro-enterprises. The benefits of e-commerce, e-government, e-learning are already evident in a number of APEC economies. There is enormous potential for micro-enterprises, including in the unregulated sector in developing economies, to “leap-frog” growth and expansion processes and enter the economic mainstream. Particular effort is needed to create appropriate policy frameworks, decrease the costs of access and to design and disseminate micro-enterprise-specific products and service packages.¹⁴

Capacity Building: Broader access to existing capacity building activities was recognized as an important element in improved economic performance in micro-enterprise. Several presentations pointed to useful opportunities for APEC to promote capacity-building through sharing relevant information, experience, expertise and technology.¹⁵

Leveraging Resources: There is considerable scope for linkages to be made between APEC economies, collectively and individually, and other entities, including international financial institutions, the private sector and civil society (including academic and philanthropic institutions) to leverage resources to support economic and technical cooperation in support of the above aims.

The relevance of micro-enterprise in relation to APEC goals

In view of the above, the main characteristics of micro-enterprise in developing economies can be summarized as:

- being predominantly informal in character,
- having characteristics qualitatively different from those of small and medium enterprise
- providing the majority of employment opportunities in those economies, particularly for women,
- acting as social safety nets, and
- serving the consumption needs of low income households, including those of industrial and other formal sector workers.

This means that promoting the prospects of micro-enterprises, including by reducing obstacles to their start-up and growth, is part of APEC overall challenge of helping all member economies realize their full potential for sustainable economic growth as well as to its efforts to promote integration through trade.

In regard to international trade, the direct contribution to exports of informal micro-enterprises is likely to be minor. However, micro-enterprises supply low cost goods and services (for example,

¹³ “The Role of the State in Microfinance” J D Von Pischke

¹⁴ “Creative Thinking for Creative Technologies: Crossing Barriers in Bolstering ICT-MSE ties” Ronald Chua

¹⁵ See for example, “Business Management Skills Paper” Robert Dunlop

meals, transport and other services including accommodation) to workers in export industries, reducing upward pressure on wages and thereby protecting the comparative advantage of those industries. This is a potent, if indirect, contribution to trade.

Attention to micro-enterprises is an organic part of promoting progress towards APEC objectives in terms of shared prosperity, gender equity, poverty alleviation, and the strengthening of social safety nets. Further development of APEC micro-enterprises is likely to lead to increased support for active engagement in the global economy, tapping the enormous potential which exists in the human assets of all economies and, by reducing vulnerability, confronting potential threats to stability in the region.

At the same time, presentations and case studies have confirmed that micro-enterprise in developed economies plays an important role in employment and wealth creation among lower income and marginalized groups as well as in direct engagement in global trade, particular in e-commerce and the information technology communication and services industries.

Links within APEC for work on micro-enterprises

The SME Working Group has a mandate to consider issues relating to micro-enterprise, but in practice this has proved difficult for the SME Working Group to focus on these. This is partly because certain characteristics appear to distinguish micro-enterprises from the small and medium-scale enterprises which are the Working Group's primary concern. It also reflects the limited data available concerning micro-enterprises in all economies, especially in the developing economies, where they provide the bulk of employment opportunities and the vastly different micro-enterprise profiles of developed and developing economies.

A number of APEC Committees and Working Groups could be invited to give specific attention to the role of micro-enterprises in their respective areas of activity.

There are evident links to the Economic Committee's preparation of a chapter on 'specialised financial institutions' in the 2003 Economic Outlook. The financial sector work could be expanded, to the benefit of developed economies, to include the study of financial institutions designed to overcome the financial exclusion of the poor in such economies. Other examples might include APEC's continuing work on gender, human capacity building, infrastructure, communications, technology (including e-commerce and e-government).

In view of the relevance to APEC to goals and likely positive impact of increased activity in support of micro-enterprise, HLMM discussions suggested for a dedicated 'cell' within APEC to lead and coordinate this work. One suggestion is that this might be accommodated within the APEC-wide Integrated Plan of Action for SME (SPAN). Others argued for a separate 'cell' (or sub-committee) within the SME framework, with careful attention paid to ensure representation of the full range of micro-enterprise interests within APEC. In the light of different points of view on this matter, this remains as an issue to be further examined.

Differences between Micro-enterprises (MEs) and Small and Medium-sized businesses (SMEs)¹⁶

MICRO-ENTERPRISE	SMALL AND MEDIUM-SIZED BUSINESS
STRUCTURAL	
Organisation	
No defined structure and very little information about their size and scope	Defined structure with positions and functions
Financing	
Individual and personal, often without initial financing	In partnership, with links to formal financing institutions
Fixed Assets	
Working tools and utensils. In most cases, they form part of the household	Machinery, equipment, installations, commercial space suited to the type of business
Production	
Traditional technology with little specialisation and almost no training	Tendency towards increasingly sophisticated technology
Marketing	
Direct, with few links to chains of production	Linked to chains of production
OPERATIONAL	
Personnel	
Informal remuneration, including non-remunerated staff, mainly family members	Remuneration based on specific positions
Production	
Intuitive definition	Tendency to respond to market strategies and competition, backed up by links to the chains of production
Inventory	
Usually no planning or control	Tendency toward sophisticated management that incorporates modern techniques
Planning	
Non-existent concept	For business and tax purposes, with some applications to control and decision-making
Accounting	
Only for tax purposes, when it exists, since more than 70% of micro-enterprises form part of the informal market	
Relation to official regulators	
Non-existent and frequently resisted	Exist within established policy and regulatory framework

¹⁶ Adapted from : "Women's Micro-enterprises in Mexico: an Urban Overview" National Institute for Women, Mexico

APEC WOMEN LEADERS NETWORK MEETING 2002

Acapulco, Mexico
20–22 August 2002

STATEMENT AND RECOMMENDATIONS

We, the Women Leaders Network from the APEC Economies came together for the seventh time in Acapulco, Mexico from 20–22 August 2002, to reaffirm our commitment and our efforts to contribute to the economic development, cooperation and prosperity of the APEC region, and to strategize to meet challenges in the new century.

The theme of this meeting was “Sustainable Economic Development with a Gender Perspective”. Under this theme we discussed the following:

1. Implications of globalisation and trade liberalization for women
2. Micro-enterprises and SMEs
3. Responsible corporate governance and socially responsible business practices.

We recognize that globalisation has both the potential to open new opportunities or close existing ones. We also recognize that the social and economic impacts of trade and investment liberalization can reflect and exacerbate the existing gender inequalities. Our discussion included consideration of labour market implications of globalisation, the skills needed by women in the New Economy, and further trade liberalization brought by the WTO New Round and the proliferation of FTAs and its implication on women.

We commend the APEC Chair’s initiative in focusing APEC’s attention on micro-enterprises, since this is such an important sector for women in all APEC economies. This initiative supports the spirit of the *Framework for the Integration of Women in APEC*, which emphasizes the participation of women in the economy. We encourage APEC to continue its focus on the Micro-enterprise sector beyond 2002.

We congratulate AGGI on its considerable achievements in advancing gender integration in APEC. We support the creation of the Gender Focal Point Network to sustain the momentum of AGGI’s initiatives. We look forward to being a key part of this Network and to an enhanced role in integrating gender issues throughout APEC.

IMPLICATIONS OF GLOBALISATION AND TRADE LIBERALIZATION FOR WOMEN

1. WLN recommends that APEC undertake initiatives and projects to evaluate and respond to the implications of globalisation and trade liberalization on women’s education, employment, wages and the recognition and acceptance of professional credentials across the APEC region.
2. WLN recommends that APEC recognize the importance of e-business for women and publish best practice examples of e-business, and put in place strategies and programs to significantly increase women’s access to ICT-based education and training, making best use of flexible and innovative methods of teaching and learning.
3. WLN recommends that APEC support the inclusion of a gender perspective in the WTO New Round and Regional Trading Arrangements in the APEC region particularly in such areas as agriculture and the service industry, that have especially pronounced gender implications.
4. WLN recommends that APEC establish a mechanism to enable the protection of intellectual property rights, including the protection of indigenous knowledge within and across economies.

MICRO-ENTERPRISES AND SMEs

- **Micro-enterprises**

According to the World Bank, 90 percent of the population in developing economies has no access to formal financial services. In order to achieve a more inclusive world economy we believe that all women in the APEC region should have access to formal financial services.

We support the institutional placement of the Micro-enterprise issue in the Small and Medium Enterprises Working Group (SMEWG) and affirm the recent enhancement of the Integrated Action Plan for SME Development (SPAN) to incorporate Micro-enterprise development issues.

1. WLN calls on APEC Leaders to support global goals to substantially increase the number of women who have access to micro-finance and business development services.
2. WLN recommends that APEC economies create an enabling environment for the micro-enterprise sector and for the development of commercially viable microfinance institutions, through public-private partnerships.
3. In recognition of the unique challenges faced by the Micro sector and its immense importance for employment and income creation in APEC economies, WLN recommends a permanent sub-group be created in the SMEWG to address Microfinance and Micro-enterprise issues.
4. WLN recommends that the SMEWG undertake a study, in cooperation with WLN, of the challenges that Micro-enterprises face in growing their businesses and the challenges Microfinance organizations face in transitioning to commercially viable institutions.

- **SMEs**

We commend the SMEWG on the recent enhancement of the SPAN to highlight the important contribution women-owned SMEs make to economic activity and on the launch of the APEC SME Portal Hub which we understand has at least one link related to women per economy.

WLN has held its annual meetings in conjunction with the SME Ministers in 1997, 1998, 2000, 2001 and 2002. In each of these years WLN has been invited to present recommendations to the SME Ministers. WLN by its nature is a network representing women leaders in business, academe, NGOs and government and as such has access to networks of women SMEs across the region.

1. WLN recommends that a closer working relationship be established between WLN and the SMEWG to enable WLN to function as the major channel of APEC's outreach to women SMEs in the region, and encourage them to take advantage of APEC resources.
2. WLN recommends that SMEWG mount a series of workshops throughout the APEC region in conjunction with WLN to build capacity of women owned SMEs, through increasing knowledge of the SME Portal Hub and other APEC SMEWG programs. These workshops should also serve as networking events to facilitate trade and alliances and information sharing across the APEC region.
3. WLN recommends that SME Ministers support the adoption of government-backed guarantees for loans by SMEs.

RESPONSIBLE CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE BUSINESS PRACTICES

We commend the initiatives of APEC in promoting responsible corporate governance and socially responsible business practices.

We recognize that responsible corporate governance and socially responsible business practices will contribute to the growth of micro-enterprises into small and medium enterprises, and eventually into multi-economy corporations.

1. WLN recommends that APEC develops and adopts guidelines for responsible corporate governance, which will encompass the principles of fairness, transparency, accountability and responsibility in corporate governance and socially responsible business practices.
2. WLN recommends that APEC focus on the implementation of transparency in government procurement to improve access to government contracts for women owned SMEs.

We thank the National Institute for Women in Mexico for the success of the Seventh Annual WLN meeting.

We support and welcome the Kingdom of Thailand as Chair of the Eighth WLN Meeting in 2003.

FIFTH MEETING OF APEC ENERGY MINISTERS

Mexico City, México
23 July 2002

FOSTERING REGIONAL ENERGY COOPERATION: SETTING A LONG TERM VISION AND IMPLEMENTING SHORT TERM ACTIONS

We, APEC Energy Ministers, met for the fifth time in Mexico City on 23 July 2002 to discuss energy issues in the region, the progress made by our economies in implementing actions to achieve APEC goals and to chart the course for future activities of the APEC Energy Working Group.

1. We acknowledge the essential contribution of energy to maintaining the Asia Pacific region's economic growth and social development, and are committed to continue to strengthen simultaneously the APEC goals of economic growth, energy security and environmental protection. We note that, as outlined in *Energy Outlook 2002*, APEC's rapidly increasing energy demand will exceed that of any other region. Growth in the APEC region's energy supply infrastructure will therefore need to keep pace with demand if the region's development goals are to be met. A key challenge is to ensure that this growth takes place in a manner consistent with our environmental and social objectives.
2. It is estimated that substantial new investments will be required over the coming years to meet the APEC region's future energy needs. We reaffirm our commitment to energy market reform and greater transparency to attract the significant private investment needed for regional energy development, production and infrastructure. We remain committed to the environmentally responsible development and clean use of energy and to our belief that quality of life benefits flow from the availability of cleaner, more affordable energy.
3. We note the economic, environmental, and energy security benefits of the diversification of energy supplies. Continued research, development and deployment of a broad range of energy technology options will also help meet longer-term energy security objectives while addressing environmental impacts of energy use and production. Furthermore, intra-regional infrastructure development and increased energy efficiency will also help ensure that energy does not become a bottleneck to the APEC region's future economic development and social progress.
4. Recognizing that our implementation commitment and strategy established at our last meeting in San Diego, California, United States, 12 May 2000, covers a wide scope of initiatives, we commend the efforts and achievements of the Energy Working Group in implementing our decisions and in responding to calls by APEC Ministers and Economic Leaders. We welcome the opportunity to reaffirm the principles our initiatives embody and our direction that the focus should be on implementation of our initiatives for the achievement of practical results.
5. We continue to fully support the Energy Working Group's broad based work program, which covers activities aimed at, among other things, diversifying our energy mixes, improving energy efficiency, enhancing research, development and deployment of renewable energy such as photo-voltaic, wind power etc, deploying new and renewable energy technologies, promoting clean energy, facilitating energy business and trade, improving data collection and information sharing, encouraging private investment through policy and regulatory reform, and sharing best practices related to energy emergency planning.
6. We endorse the recommendations under the Energy Security Initiative as agreed by the Energy Working Group at its 23rd meeting, taking consideration that APEC's fundamental principles of cooperation, voluntary participation and mutual respect must be recognised

under the widely differing circumstances of our economies. APEC Economic Leaders welcomed the Energy Security Initiative in their declaration of 16 November 2000, and, accelerated by the events in the United States on September 11th 2001, the subsequent Leaders Statement on Counter-terrorism released on 21 October identified this APEC initiative as a key measure for enhancing counter-terrorism.

7. We commend the Energy Working Group for its solid contribution to energy security through its broad based program covering both short term and longer term options that can be drawn upon by economies. We also welcome the opportunity to share experiences and best practices with respect to emergency preparedness plans to deal with short-term supply disruptions.
8. We direct the Energy Working Group to promote the implementation of the Energy Security Initiative. In the short term, undertake work on improving monthly oil data, where available; real time emergency information sharing; the option of oil stocks among interested members; considering a feasibility study on possible joint stocks among interested members; and organising dialogues on sea lane security issues. In the longer term, look into energy exploration and development; alternative fuels; high efficiency vehicles; and more energy-efficient modes of public transport.
9. We note the Energy Business Network concern that sustainability needs practical responses that encompass burning fuels more cleanly, capture and geological sequestration of carbon dioxide, the use of new and renewable energy technologies, and improving energy efficiency. To assist sustainable development, the member economies agree to work together to pursue collaborative research programs. We also welcome progress under the 21st Century Renewable Energy Development Initiative, which includes a strong private sector involvement and applications in rural and remote regions.
10. We acknowledge the importance of sharing information on energy standards, and the desirability of reducing barriers to trade in energy- efficient appliances and products to enhance energy efficiency. We therefore endorse the Energy Standards and Labelling Co-operation Initiative as a timely and effective policy instrument. We also welcome the Pledges of fifteen economies under the Pledge and Review process for achieving energy efficiency gains. We further encourage all economies to consider a Pledge.
11. We also recognise the importance of strengthening efforts on energy education, as proposed by one of the economies, and request that the Energy Working Group review this initiative.
12. We welcome the initiative of the Energy Working Group to showcase its contribution to energy for sustainable development through the report *Energy for Sustainable Development: The Contribution and Role of the APEC Energy Working Group*. We believe 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 utilised to achieve sustainable development objectives. We therefore direct the Energy Working Group through Australia and Mexico to forward this report to the World Summit on Sustainable Development for their consideration.
13. We believe that cross-border inter-connections of energy systems have the potential to bring great economic and technical benefits to our energy systems and to provide significant energy trade opportunities. We therefore direct the Energy Working Group to expand its preliminary work on addressing barriers to cross-border connection of power grids to cover gas pipeline networks and to work closely with the Energy Business Network in this regard.
14. We believe that energy emergency planning is important, including for disasters caused by natural factors, and that economies should be encouraged to share related information. We therefore welcome the progress made on the Earthquake Response Cooperation Initiative that has resulted in information and experience sharing in this kind of emergencies for energy supply systems.

15. We re-affirm our commitment to working closely with the business sector and note their recommendations for enhancing the functioning of the energy market. In particular we note the challenges of facilitating investment for energy infrastructure development in all member economies and the importance of clear, transparent and predictable laws and regulations to attracting foreign and private sources of capital, technology and expertise to facilitate both modernisation and diversification of energy sources in the region. We are pleased to note that there have been four Implementation Facilitation Assistance Team visits directed at reform of the energy market within Thailand (twice), Peru and the Philippines, which the hosts have deemed very helpful. We note that Implementation Facilitation Assistance Teams can provide experience and advice on options and approaches to address any issues within the energy sector and encourage the use of these teams.
16. We direct the Energy Working Group to explore mechanisms for working more closely with financial institutions to facilitate the infrastructure development within the region.
17. We continue to be committed to the implementation of the Framework for the Integration of Women in APEC, which is a significant step to enhance the ability of women to contribute to and benefit from prosperity of the region.
18. We acknowledge the efforts of the Expert Groups and APERC in continuing to support the activities of the Energy Working Group.
19. We appreciate the considerable dedication of time, resources and effort by Australia to providing a Secretariat for the Energy Working Group and hope that Australia can continue to provide this outstanding support.
20. We thank the Government of Mexico for hosting this meeting, in particular the Mexican Department of Energy for its leadership in coordinating the issues discussed at this Fifth APEC Energy Ministerial Meeting.
21. We welcome the opportunity to meet and discuss recent developments in the energy sector and the opportunity afforded by this meeting to give direction to the future of the work of the Energy Working Group. Making the best use of energy will remain a priority for all APEC economies. We are aware that using our resources in a responsible manner and ensuring the availability of energy services in our respective economies will be a contribution to the fulfilment of our longer term vision. We are committed to meeting APEC's rapidly increasing demand for secure, reliable and affordable energy in an environmentally responsible way and direct the Energy Working Group to chart the progress in the implementation of the initiatives mentioned above and to report back at the next Ministerial meeting.

2002 APEC TOURISM MINISTERIAL

Manzanillo, Mexico
3–6 July 2002

MANZANILLO DECLARATION: IMPLEMENTING THE APEC VISION

1. The Second APEC Meeting of Ministers Responsible for Tourism was convened in Manzanillo, Colima, Mexico, from 3–6 July 2002. The Meeting was attended by Ministers, or their representatives from: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; the United States; and Viet Nam. The APEC Secretariat attended the meeting. Also present was the Pacific Economic Cooperation Council (PECC). Ministers held a dialogue session with representatives from the World Travel and Tourism Council (WTTC) and the World Tourism Organization (WTO).
2. The Meeting was officially inaugurated by a message given by President Vicente Fox and was chaired by the Mexican Minister of Tourism, Mrs. Leticia Navarro Ochoa.
3. Ministers agreed to adopt the Declaration which unites the spirit of the group in order to continue working on the enhancement and the recognition of the important role that tourism plays in the economic, social and cultural development in all APEC member economies.
4. Ministers highlighted the importance of tourism as a key element in the promotion of peace and understanding amongst member economies, and called upon all APEC member economies and their tourism industries to include this message in their respective marketing campaigns.

Statements

5. During the Meeting the Ministers made the following statements:
 - We reaffirm our commitment to promote the development of a dynamic, prosperous, sustainable and safe tourism sector in the region, consistent with the objectives stated in the Osaka Action Agenda of trade and investment liberalization and facilitation, and economic and technical cooperation.
 - We pledge to continue cooperation in order to undertake concrete actions to promote tourism in the region in response to the call made by Leaders in Shanghai, China in 21 October 2001, for greater efforts to implement APEC's vision of liberalization and shared prosperity.
 - We believe that international cooperation is an essential approach to providing solutions to common problems, through dialogue and exchanging experiences in a peaceful atmosphere.
 - Tourism strongly contributes to narrowing gaps, strengthening friendships and building peace bonds amongst member economies.
 - The terrorist attacks of 11 September 2001 presented a new challenge to our work. APEC member economies are striving to meet this challenge. We note the underlying resilience of travel and tourism in the Asia-Pacific region, and welcome the recovery taking place in international tourism, as presented in statistics provided by the WTO and the WTTC.
 - In that light, we strongly affirm the APEC Leaders' Statement on Counter-terrorism concerning the collective resolve of the Asia-Pacific community to counter terrorism, and support actions taken by member economies and other fora to further improve the safety and security of travellers and the citizens of tourism destinations.
 - We will continue our efforts to enhance the safety and security of tourists, while recognizing that efficient and effective facilitation of travellers is vital to the continued growth of the industry.
 - We acknowledge the improvements in travel security undertaken since September 11th.

- These improvements have helped to enhance the safety and security of the travelling public in the APEC region.
- We recognize the enormous potential in human, natural and cultural resources that exist in the Asia-Pacific region for developing and strengthening tourism activity. We pledge continued efforts to ensure that the region continues to be the fastest growing tourism market in the world.
 - We are aware that tourism represents a very effective way for economic, social and cultural development of the APEC region economies due to its proven ability to create jobs, generate foreign currency, efficiently use non-renewable resources, contribute to the promotion of culture worldwide, as well as to foster regional development.
 - We recognize that the people of our communities play a crucial role in the development of sustainable tourism.
 - We support the active involvement of all stakeholders - government and private - so that tourism can continue to contribute to the elevation of the standard of living of our citizens.
 - We reaffirm our commitment to the Policy Goals contained in the Seoul Declaration on the APEC Tourism Charter, and to support the work of the TWG in developing specific mechanisms to achieve them.
 - We are especially committed to: increasing the mobility of visitors, enhancing productive investment, strengthening the mechanisms that allow a better understanding of the tourism sector and fostering sustainable tourism development.
 - We recognize the important contribution that Small and Medium Tourism Enterprises make to our economic development. We will therefore seek to enhance the capacity of these enterprises to thrive.
6. We are pleased to note the deliverables identified by Tourism Ministers at the First APEC Tourism Ministerial Meeting in Seoul:
- **Sustainable Management of Tourism Outcomes** - The APEC/PATA Code for Sustainable Tourism was developed as a reflection of the commitment to sustainable tourism development in the Asia and Pacific region. We commend the APEC/PATA Code for Sustainable Tourism to individual economies to guide their activities as they develop their own, more detailed, tourism policies.
 - **Establishment of a Tourism Information Network (TIN)** - The TIN is a mechanism through which information about tourism flows between member economies.
 - **Research Network** - The establishment of the APEC International Centre for Sustainable Tourism will serve to improve innovation, strategic knowledge of tourism related issues, and profitability and sustainability in tourism through applied research.
 - **Best Practice on the Development of Tourism Satellite Accounts (TSA)** The outcomes of this project serve as useful reference material for APEC member economies which do not have, but are keen to initiate a TSA in their own economies. It will also be a platform for sharing information and establishing contact among member economies in their efforts to develop a TSA.
7. We note progress made on the other projects designed to implement the Policy Goals of the Seoul Declaration on the APEC Tourism Charter.
- **Tourism Impediments Study** - This project is being undertaken to identify possible measures for collective action. These measures are to include the encouragement of liberalization of services and trade related to tourism under the GATS, and removal of trade and regulatory impediments to tourism business and investment.
 - **Application of Electronic Commerce to Small and Medium Enterprise in APEC Member Economies (SMTE)** - This project will help SMTEs achieve competitive advantages by establishing a unique and authentic niche, and to contribute to APEC trade and investment liberalization and facilitation.
 - **Best Practices on Tourism Accessibility for Travellers with Restricted Physical Ability (RPA)** – This project aims to promote greater accessibility to tourists with restricted physical abilities.
 - **Training for Sustainable Development in the Tourism Industry** - This project will deter

- unscrupulous development, be able to use effective and systematic methods for conservation and preservation, reduce discord between related communities, and achieve mutual cooperation. This project is to contribute to the implementation and enforcement of internationally agreed upon quality and environmental standards.
- **Public-Private Partnership for Sustainable Tourism** - This project devises plans for the economic development of communities resulting in welfare both to the region and nation, and to implement a uniform development policy.
 - **Tourism Occupational Skills Development** - The objective of this project is to develop a model infrastructure as a common platform for the development of a tourism and hospitality business system based on industry competency standards. To develop a model of bilateral agreements between economies that will allow recognition and articulation within the tourism and hospitality industry based on competency standards.
8. We note that the deliverables and the projects outlined above constitute an ambitious Collective Action Plan for the TWG and we encourage the group to bring these to conclusion.
 9. We welcome the Individual Actions Plans (IAP) presented by 16 member economies, and commend efforts to achieve the objectives of the Seoul Declaration on the APEC Tourism Charter through IAPs. Ministers encourage their colleagues to engage in bilateral discussions to further develop Action Plans to achieve the Policy Goals.
 10. We appreciate the initiative of the Chair to integrate private sector participants into our meeting. We welcomed the presentations of the WTO, WTTC, Pacific Asia Travel Association and the CNET (Mexican National Business Council), and appreciated the opportunity to exchange views on key issues affecting the sustainable development of tourism with these private sector representatives. We reaffirm our view that dialogue and cooperation with the private sector should be continued, expanded and deepened for the development of tourism in the APEC region.
 11. We reaffirm to move as quickly as possible to express our support for the establishment of the APEC International Center for Sustainable Tourism.
 12. We adopted the following new initiatives:
 - Capacity building for small and medium tourism enterprises
 - Safety and security measures for travellers
 - Encouraging productive investment in the tourism sector
 - Index for measuring tourists' satisfaction
 and instruct the TWG to take action to pursue their implementation at the 21st TWG meeting to be held in Chinese Taipei.
 13. We recognize the important work being carried out by other APEC fora and the potential benefits of this work for tourism. We encourage the TWG to foster closer cooperation with fora that are engaged in human resources development, transportation, mobility of people, customs procedures and other relevant issues.
 14. We welcome Chile's invitation to host the 3rd APEC Meeting of Ministers Responsible for Tourism in 2004.
 15. We recognize the valuable supporting role played by the APEC Secretariat in the promotion of tourism and the achievements made in the implementation of the APEC Tourism Charter.
 16. The Ministers commemorated this Second Meeting of Ministers Responsible for Tourism and look forward to obtaining practical results through work that has been carried out to benefit the APEC Region.
 17. Ministers recognized the valuable work done by the Mexican Government and the Government of the State of Colima in order to ensure the success of this Second APEC Meeting of Ministers Responsible for Tourism.

THE FIFTH APEC MINISTERIAL MEETING ON TELECOMMUNICATIONS AND INFORMATION INDUSTRY (TELMIN5)

29-30 May, 2002 Shanghai, China

SHANGHAI DECLARATION Program of Action Statement on the Security of Information and Communications Infrastructures

We, APEC Ministers responsible for the telecommunications and information industry, gathered in Shanghai, China from 29 to 30 May 2002 under the theme “Leveraging Digital Opportunities to Promote Common Development”,

observing that information and communications technologies (ICT) have promoted significantly the availability and dissemination of knowledge to the public on an unprecedented scale and made a great impact on the economic development, governmental activities and social progress of our region;

recognizing that with the slowdown of the world economy and the reduced growth of the network-based economy, the global telecom market and the ICT industry have been severely affected and are undergoing significant restructuring;

remaining confident that the future of the ICT industries is promising, full of vigor and vitality and essential to the continued development and growth of the APEC region;

embracing the APEC Economic Leaders’ Declaration entitled “Meeting New Challenges in the New Century” issued in Shanghai on 21 October 2001, in which APEC Economic Leaders:

reaffirmed their commitment to achieving the Bogor Goals of free and open trade and investment in the Asia Pacific by 2010 for developed economies and 2020 for developing economies»

further reaffirmed the importance of Economic and Technical Cooperation (ECOTECH) in achieving equitable growth and sustainable development, welcomed the progress that APEC has made in advancing Ecotech goals and underscored that Trade and Investment Liberalization and Facilitation and Ecotech should be mutually reinforcing;

noted progress through the e-APEC Strategy **and set** the goal of building APEC towards a digital society, with higher growth, increased learning and employment opportunities, improved public services and better quality of life by taking advantage of advanced, reliable and secure ICT and networks and by promoting universal access;

emphasized the importance of sound economic policies and corporate governance as well as important role and responsibility of governments in shaping the legal and regulatory framework that encourages competition and innovation, with increased emphasis on capacity building;

acknowledged that trade and investment liberalization and facilitation hold a key to realizing the vision for reduced disparities and common prosperity;

strongly supported the launch of the new WTO round, recognizing that the current slowdown in the world economy has added to its urgency;

asserting our commitment to facilitate the implementation of the e-APEC Strategy, work hand in hand to improve economic conditions and open up a broader prospect for the development of the Asia Pacific Region;

aspiring to promote a sound policy environment, better market structures and fair and effective market competition;

reaffirming our commitment to the five objectives and ten core principles in the Seoul Declaration endorsed at TELMIN 1 (1995) as essential for the construction and the expansion of the Asia Pacific Information Infrastructure (APII) and the realization of the vision of the Asia Pacific Information Society (APIS);

emphasizing the need for economies to promote the development of advanced, secure and reliable information infrastructures so that everyone, including those disadvantaged by geography and income, can have access as soon as possible to advanced, high-speed and reliable technologies and applications of information and communications at affordable prices;

recognizing that competition has been a key factor underlying the rapid buildout of the Internet and encouraging continued rapid buildout of the Internet, including broadband access, and greater user within the economy of ICT, especially among Small and Medium-sized Enterprises (SMEs) and micro-enterprises;

noting the importance of the establishment of a partnership among governments, business and the academic community, and a new-type cooperation mechanism for human capacity building by promoting education and training services and encouraging innovation and the establishment and development of Small and Medium-sized Enterprises (SMEs) and micro-enterprises and their participation in activities of the New Economy;

confirming the importance of life-long human capacity development, for all age groups and both genders, in terms of providing more opportunities for training and skill development, improving the awareness, mastery, and application of ICT for the benefit of the people in the region;

mindful that the rapid technological advancement and convergence of the broadcasting, information technology and telecommunications sectors, require sharing of information and experience in approaches to policy and regulation amongst economies;

realizing that the participation of developing economies in all aspects of telecommunications and information would be enhanced through effective sharing of information and human resource development;

underlining our commitment to enhance the multilateral and bilateral cooperation in the APEC region in improving telecommunications regulatory policies, information and network security, and human capacity building, in order to facilitate business development, social advancement, and the further development of availability and use of ICT;

highlighting the need for the development and application of ICT by encouraging investment in the research and development of new technologies so as to build APEC towards a digital society with improved public services and better quality of life through advanced networks and ICT for all;

focusing on the need to leverage digital opportunity for common development by exercising leadership, government-private sector partnership, policy coherence, use of market forces, sustainability, and scalability to narrow the digital divide, and recognizing the goals endorsed by Leaders in Brunei Darussalam in November 2000 to triple Internet access in the APEC region by 2005, and to achieve individual or community-based services access to the Internet by 2010, through pursuit of the e-APEC Strategy and the implementation of TEL Digital Divide Blueprint for Action;

appreciating the need to popularize ICT and their applications, advocate digital life, promote web-based applications such as e-commerce and e-government, encourage the application of ICT in traditional industries, and improve the quality and efficiency of the economies through the use of ICT;

regarding that the enhanced participation of and cooperation with SMEs and the private sector will play a positive role in the sustained growth of the information and communications industries in the region;

welcoming the work that has been developing in global organisations since the adoption of the APEC Principles on International Charging Arrangements for Internet Services in the Cancun Declaration towards commercially based and equitable arrangements for Internet connectivity, reflecting, among other issues, traffic flows, costs and benefits;

recalling the APEC Economic Leaders' call for strengthening APEC activities in the area of critical sector protection, including telecommunications, made in their Statement on Counter Terrorism at Shanghai on 21 October 2001;

noting the TEL's report on implementation of United Nations General Assembly Resolution 55/63 on *Combating the Criminal Misuse of Information Technologies*;

being conscious of the necessity for establishing a legal basis for combating the criminal misuse of information technologies;

being further conscious of the need for governments and the private sector to strengthen cooperation, information exchange and the voluntary transfer of technology related to security of information and communications infrastructure across the region;

highlighting the need to increase cooperation with relevant international fora to improve coherence in the work carried out by TEL and other relevant fora;

acknowledging and encouraging the effort made by TEL in its work on telecommunications market liberalization, mutual recognition of telecom equipment certification, e-government, e-commerce, interconnection, Internet charging arrangements, business and research models to promote greater deployment of ICT, human capacity building, security, authentication and the development and initial implementation of the Digital Divide Blueprint for Action;

HEREBY

ADOPT the Program of Action for the APEC Telecommunications and Information Working Group as attached as Annex A;

ADOPT the Statement on the Security of Information and Communications Infrastructures attached as Annex B; and

NOTE that this Program of Action and Statement on the Security of Information and Communications Infrastructures will contribute to the Action Plan to be considered at the APEC Economic Leaders' Meeting to be held at Los Cabos, Baja California Sur., Mexico in October 2002.

APEC TELECOMMUNICATIONS AND INFORMATION WORKING GROUP (TEL)

PROGRAM OF ACTION

Ministers endorse the goal advanced in the Leaders' Declaration (Shanghai, 2001) to build APEC towards a digital society, with higher growth, life long learning and employment opportunities, improved public services and better quality of life for all by taking advantage of advanced, reliable and secure information and communications technologies (ICT) and networks and by promoting universal access. Ministers seek to expand digital opportunities brought forward by the New Economy through e-APEC Strategy and the TEL Digital Divide Blueprint for Action, by taking full advantage of the ICT revolution; and note the crucial role of the private sector as partner in this objective. To achieve these goals, Ministers endorse and instruct the TEL to direct its attention towards the following activities and thematic areas.

I. Information Communications Infrastructure

Ministers recognize that information communications infrastructure is the physical foundation for the sustained development of an information society and a key factor for achieving universal access and expanding digital opportunities. Ministers also encourage greater investment in and development of the Internet in the APEC region. To this end, Ministers instruct the TEL to continue fostering the development of the Asia Pacific Information Infrastructure (APII) in accordance with the five objectives and ten core principles spelled out in the TELMIN 1 Seoul Declaration (1995) and the goals of the e-APEC Strategy (Shanghai, 2001) and to adopt a pathfinder approach in advancing the APEC initiatives. In particular, Ministers instruct the TEL to take initiatives aimed at:

- a. promoting the deployment of advanced, secure and reliable information infrastructure, especially in remote and underserved areas in order to provide access to information services for all at affordable prices; and as part of this effort, monitoring access to ICT by different socio-economic and user groups, in particular by gender, age and income, and considering alternative policies and technologies for reaching unserved and underserved areas;
- b. encouraging greater buildout of the Internet, including through regional Network Access Points (NAPs), so as to promote greater broadband accessibility, availability and use,
- c. examining the impact of the Internet and broadband accessibility, availability and use on the economy, especially on Small and Medium Sized Enterprises (SMEs);
- d. facilitating R&D activities and analyses (financial, technical and policy) of technologies and applications to meet ICT access needs of the APEC region, especially establishing close cooperation on the timely implementation and wide application of next generation technologies such as IPv6, mobile internet, broadband satellite, etc.;
- e. strengthening its participation and cooperation with the private/business sector in the development of information communications infrastructures and services towards enhanced access, productivity, interoperability and security in the network-based economy, with attention to appropriate standards;
- f. promoting further the cooperation among governments, businesses, academic communities and social institutions in meeting these challenges;
- g. studying and undertaking collaborative projects to advance the implementation of next generation networks and technologies; and

- h. continuing to support cooperative activities for better sharing and utilization of the information infrastructure among member economies.

II. Telecommunication and Information Policies and Market Regulation

Ministers are conscious of the rigorous challenge posed to APEC economies by the on-going convergence of the telecommunications, broadcasting and computer networks, and the importance of creating a sound, pro-competitive and coherent policy environment to ensure the sustained development of information communications in our region. Ministers instruct the TEL to study further the challenges and implications of convergence, to encourage economies to exchange information in terms of experience and practical responses to convergence.

Ministers welcome the TEL's stocktake of progress towards a fully liberalised telecommunications sector in the APEC region, and instruct the TEL to enhance its work in support of our Leaders' commitment to the new WTO round.

Ministers acknowledge the work of the TEL on the implementation of the APEC Principles on International Internet Charging Arrangements for Internet Services adopted by Ministers at Cancun (2000) and instruct the TEL to continue facilitating the implementation of the Principles. Ministers encourage further work in this area to improve traffic measurement and charging arrangement models and to encourage adoption of commercially based and equitable arrangements for Internet connectivity, reflecting, among other issues, traffic flows, costs and benefits;

Ministers further acknowledge the work of the TEL on the implementation of the APEC Principles of Interconnection adopted by Ministers at Cancun (2000) and instruct the TEL to further facilitate the implementation of the Principles and to improve the competitive supply of and access to basic telecommunications services.

Ministers encourage the TEL to continue the dialogue, especially among policy makers and/or regulators, regarding such policy and regulatory topics as transparency, decision-making processes, regulatory structures, convergence, competition safeguards, telecommunications network interconnection, and new technologies such as wireless and broadband.

Ministers appreciate the work done and achievements made by the TEL in regard to implementation of the Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment (MRA), and consider this arrangement conducive to the promotion of trade in our region. Ministers encourage further efforts to implement the MRA on an APEC-wide basis and to develop the MRA Management System. Ministers encourage the TEL to build on the existing MRA work by developing principles on the application of standards and regulatory arrangements.

In the light of the newly adopted e-APEC Strategy, Ministers urge the TEL to continue cooperating with the relevant APEC fora and other related international organizations to study the policy issues involved in e-commerce, for example the impediments to SME uptake of e-commerce, so as to promote good practice and to work towards establishing a trusted and transparent legal and regulatory framework for e-commerce.

Aware of the importance of e-government to increased efficiency and transparency of government activities, Ministers encourage economies to strengthen cooperation and exchange in this regard. Ministers encourage particular attention to the value of providing business regulations and information online, adopting appropriate electronic tools and standards to facilitate access by businesses and citizens to user-oriented electronic information and transaction services offered by governments.

III. Information Communication and Network Security

Strongly aware that information infrastructures and networks are confronted with serious security threats and challenges and that this has drawn wide attention within APEC economies and from APEC Leaders, Ministers commend the work of the TEL in regard to information communication

and network security, especially its report on the implementation within APEC of United Nations General Assembly (UNGA) Resolution 55/63 on “Combating the Criminal Misuse of Information Technologies”, and instruct the TEL to implement the recommendations contained in the Statement by Ministers on the Security of Information and Communications Infrastructures.

Ministers also instruct the TEL to give special priority to this work, expand the scope of the TEL’s e-security activities in response to the current situation, facilitate collaboration among relevant expert groups, and support capacity building on e-security among APEC economies.

Ministers urge voluntary transfer of technologies among economies.

Ministers further commend the work carried out by the TEL in electronic authentication and signatures and instruct the TEL to continue its work, with particular attention to a framework for electronic authentication interoperability within the region.

IV. Human Capacity Building

Ministers recognize that building human capacity through life-long learning for people of both genders within the region is essential in achieving the benefits and the realization of a digital society and in narrowing the digital divide. Ministers note the importance of the work currently carried out by the TEL in this regard and instruct the TEL to:

- implement the Digital Divide Blueprint for Action, taking into account the goal advanced in the Leaders’ Declaration in Brunei Darussalam in November 2000 to triple the number of people having access to the Internet within the APEC region by 2005 and the Leaders’ sentiment expressed in the 2001 e-APEC Strategy to ensure that all groups within an economy have individual or community-based Internet access by 2010;
- make efforts to seek a mechanism to maximize existing training resources of APEC economies and to bring them into full play;
- explore ways to facilitate the cooperation among governments, businesses, educational and social institutions in human resource training;
- enhance cooperation with other training and development organizations and other regional and international bodies to share the experiences and results of human capacity building programs;
- promote e-commerce related training programs and distance learning using ICT;
- promote a gender and youth perspective in every aspect of the work of the TEL;
- intensify its work on human capacity building, in terms of providing more opportunities for training and skill development to help build digital opportunities in ICT and to establish a priority list;
- implement training projects specifically addressing the concerns of developing economies on human capacity building in order to enhance their participation; and
- support training activities that assist member economies to develop pro-competitive regulatory frameworks and that facilitate broad and constructive participation by all member economies, particularly developing economies, in WTO negotiations on services as supportive of reaching our human capacity and digital opportunity goals.

Road to the Future

Recognizing the need for TEL to enhance effectiveness, better respond to the challenges and accommodate different needs of economies, Ministers hereby direct TEL to consider ways and

means to further improve its working methods and structure.

Ministers also direct TEL to strengthen cooperation with relevant international organizations and consider ways to encourage participation and contribution by the private sector in TEL activities in order to improve its outreach within APEC as well as at global level.

STATEMENT ON THE SECURITY OF INFORMATION AND COMMUNICATIONS INFRASTRUCTURES

- Recalling the APEC Economic Leaders' call for strengthening APEC activities in the area of critical sector protection, including telecommunications, made in their Statement on Counter Terrorism at Shanghai on 21 October 2001;
- Expressing their commitment to the protection of information and communications infrastructures within the APEC region and the importance of developing domestic and regional strategies because these infrastructures are interconnected;
- Noting the importance of establishing a legal basis to address the criminal misuse of information technologies and law enforcement cooperation in combating that misuse;
- Affirming the important role of the private sector in protecting information and communications infrastructures, and the importance of developing government-private sector partnerships for the protection of these infrastructures;
- Recognizing the role of computer emergency response teams in addressing security incidents and exchanging information on threats, vulnerabilities, and responses; and the need to establish such teams within all APEC economies and facilitate the exchange of information among them;
- Noting the work of other international organizations in this area, in particular the Cyber Crime Convention of the Council of Europe and the revision of the OECD Guidelines for the Security of Information Systems;
- Recognizing the need to raise awareness about security among owners, operators, and users of information and communications infrastructures at all levels;
- Noting the importance of certification procedures and programs for information technology (IT) security professionals;
- Noting the importance of IT security standards and best practice guides to the protection of information and communications infrastructures, and encouraging the TEL to finalize and disseminate the APEC compendium of IT security standards and best practices now being developed;
- Further noting the importance of encryption to security and authentication, recalling the work done by the TEL in the area of authentication and encouraging the inclusion of encryption policy in its work;

Agree to:

Support the implementation domestically of the ten measures included in United Nations General Assembly Resolution 55/63 *Combating the Criminal Misuse of Information*, taking into account international initiatives in this area;

Instruct the TEL to give special priority to and facilitate within APEC work on the protection of information and communications infrastructures.

MEETING OF APEC MINISTERS RESPONSIBLE FOR TRADE

Puerto Vallarta, Mexico
29–30 May 2002

STATEMENT OF THE CHAIR

APEC Ministers Responsible for Trade met in Puerto Vallarta, Mexico, to discuss concrete ways to contribute to fostering economic growth and take advantage of the New Economy in the APEC region, namely the implementation of appropriate policies and measures that should be adopted to reach those objectives.

The meeting took place in a context of increasing signs of recovery from the global slowdown of the world economy experienced since the middle of 2000 and aggravated by the September 11th events. Within this context, Ministers reaffirmed APEC member economies' commitment to move forward with the common goal of free and open trade and investment in order to bring about economic recovery and sustainable economic growth in the region.

APEC chose the theme "Expanding the benefits of cooperation for economic growth and development. Implementing the vision", to guide its work this year. Ministers expressed their determination to ensure concrete outcomes that benefit business and the wider APEC community through implementation of the Shanghai Accord and the Leaders Statement on Counter-Terrorism.

Ministers welcomed the launching of the Doha Development Agenda (DDA) of WTO, and committed to making meaningful contributions to its successful and timely completion by 2005. Discussion on specific measures undertaken within APEC to implement the broadened APEC vision in response to changes in the global and regional economy also took place.

Multilateral Trading System

Ministers welcomed the launch of the WTO Doha Development Agenda (DDA) and noted the important role that APEC played in achieving this outcome. Multilateral trade liberalization and a rules-based trading system contribute directly to economic growth, sustainable development and poverty reduction. The successful conclusion of the DDA will therefore be crucial in fostering development in the region and the world. Ministers welcomed the DDA's balanced and sufficiently broad-based work program that reflects the interests and concerns of all WTO members, particularly in developing economies. Ministers acknowledged the important contribution that the successful and timely conclusion of the DDA would make to furthering the economic development of developing economies.

Ministers committed their personal involvement to ensure the completion of the DDA negotiations by the agreed deadline of 1 January 2005 and to make progress in all the elements of such agenda including market access, agriculture, trade rules, investment, competition, trade facilitation and transparency in government procurement.

To achieve that commitment, they agreed to meet the mandates and schedules established for all of the relevant negotiating and working groups and to urge other WTO Members to also do so. In particular, Ministers confirmed their intentions to meet the deadline of 30 June 2002 for submitting initial services requests and in ensuring that the non-agricultural market access negotiations progress along with other negotiations in agriculture. In this regard, Ministers agreed that modalities for non-agricultural market access negotiations shall be established no later than 30 April 2003, and will encourage all WTO members to support this commitment. They expressed the urgency of moving from procedural to substantive discussions in Geneva. They undertook to work together to build momentum in Geneva to ensure a successful Fifth Ministerial Conference to be held in Cancun,

Mexico on 10-14 September 2003.

Ministers reaffirmed their pledge to reject the use of protectionism and their commitment to abide by multilateral rules. Ministers agreed that protectionism adversely affects all APEC economies and that the DDA offers the best opportunity to address protectionism on a global basis.

Ministers noted the discussions on trade and environment since Doha. They welcomed the opportunity to enhance the mutual supportiveness of trade and environment. Ministers reaffirmed that the WTO work and negotiations on the relationship between trade and environment shall be in accordance with the mandate agreed at Doha.

Ministers welcomed the accession of China and Chinese Taipei to the WTO and supported the accession processes of Russia and Viet Nam.

Ministers appreciated the participation of the WTO and the World Bank at the meeting.

a) Technical Assistance and Capacity Building

Ministers agreed that technical assistance and capacity building are essential in ensuring the full participation of developing economies in the world trading system and so that they reap the promised tangible benefits from such participation. Ministers reaffirmed APEC's commitment to continue providing WTO-related technical assistance and capacity building, agreed that the provision of this assistance should be demand-driven and encouraged developing economies to be pro-active in identifying their needs in this area.

Ministers noted that APEC is leading efforts to ensure that developing economies are able to participate fully in the DDA. In addition to the APEC Strategic Plan for WTO Capacity Building and contributions to the WTO Global Trust Fund, APEC economies are providing significant bilateral assistance. APEC economies, including Australia, Canada, Japan, New Zealand and the United States provided more than US\$ 70 million in trade-related technical assistance within APEC alone in 2001.

Ministers appreciated the WTO's work on technical assistance and capacity building and urged that the complete data base of WTO Members' capacity building programs be developed in time for the July 2002 meeting of the Trade Negotiating Committee.

Ministers reviewed progress in implementing the APEC Strategic Plan for WTO Capacity Building. In 2001, a total of 12 WTO-capacity building projects, worth over US\$1.2 million, were funded through the APEC TILF fund. Ministers instructed Senior Officials to give high priority to additional WTO capacity building projects this year.

Ministers also stressed the need for the continued involvement of other international organizations such as the WTO Secretariat, the World Bank, and the Asian Development Bank in the APEC Strategic Plan for WTO Capacity Building. In this context, they welcomed the new capacity building program by the Asian Development Bank, in cooperation with Japan.

Ministers welcomed efforts led by Japan to better coordinate WTO capacity building in APEC through the compilation of a series of economy matrices highlighting all assistance delivered by APEC economies to other APEC economies. Ministers also welcomed efforts by Canada to make this information available on-line via a user-friendly system that will allow donor economies to better coordinate their capacity building efforts and focus them in areas where needs are most pressing. Every effort will be made to integrate this information in the database that the WTO Secretariat is currently developing.

b) Confidence building

APEC has played a key role in strengthening the multilateral trading system in the past. The challenge now is to continue to do so with actions that go beyond technical assistance and capacity

building. APEC is well placed to build confidence on a broad range of issues in the DDA.

Ministers explored concrete steps in which APEC can contribute to a successful Fifth WTO Ministerial Conference and completion of the DDA by 1 January 2005, and directed Senior Officials to present recommendations on such steps by the Leaders' meeting, including in areas such as investment, competition, trade facilitation, transparency in government procurement and trade and environment. In this context, Ministers welcomed the CTI Trade Policy Dialogue on Investment held during SOM II and those to be organized in the future on Trade and Competition Policy and Trade Facilitation.

Implementation of the Shanghai Accord

Ministers pledged robust implementation of all elements of the Shanghai Accord. They reaffirmed the importance of the Shanghai Accord as a milestone in APEC that expands the vision of APEC, provides for improved mechanisms for implementing APEC commitments, and identifies important trade initiatives.

a) Broadening the OAA

Ministers agreed that broadening the Osaka Action Agenda (OAA-APEC's strategic roadmap) to reflect fundamental changes in the global economy since Osaka, including developments in the new economy and APEC work to strengthen the functioning of markets, would put APEC on a faster track to achieving the Bogor goals of free and open trade and investment. Ministers encouraged Senior Officials to continue their work in this area, endorsed the interim report presented by Officials and looked forward to reviewing a full report in October.

b) Pathfinder Initiatives

Ministers recognized the role that pathfinder initiatives could play in achieving the Bogor goals of free and open trade and investment.

They welcomed the work of APEC Fora to identify and develop pathfinder initiatives. They instructed officials to continue this work with a view to presenting initiatives to the Ministerial and Leaders' Meetings in October this year.

c) Trade Policies for the New Economy

Ministers emphasized the positive impact of the new economy on growth and development. In this regard, Ministers welcomed Officials' work to identify key trade policies on services liberalization and tariff and intellectual property regimes that support the new economy, and reviewed their report on the exchange on trade policy information in these areas. They urged all economies that have not yet submitted information to do so as soon as possible.

Ministers recalled that the Shanghai Accord foresees the development of targets by the Ministerial Meeting in October on the basis of the information exchanged, and instructed Officials to complete their information exchange, and develop targets that APEC members may achieve in these areas. Ministers also stressed the need to develop and implement concrete capacity building programs to improve performance in these policy areas.

d) Trade Facilitation Principles

Ministers recognized that some of APEC's most important work and outcomes fall in the area of trade and investment facilitation, including the APEC Trade Facilitation Principles.

Ministers congratulated Officials for developing a framework and schedule for an APEC Trade Facilitation Action Plan and endorsed this Plan in its entirety. They recognized that this Action Plan provides the basis for implementing the Leaders' commitment in the Shanghai Accord to realize a 5% reduction in transaction costs in the region by the end of 2006.

Ministers emphasized that it is important for all economies and APEC Fora to begin taking the necessary steps to implement the Action Plan, starting with the development by the next Senior Officials meeting of a menu of options of concrete trade facilitating actions and measures that can be taken, and they noted that economies and Fora will commence actual implementation of selected actions and measures starting next year. Ministers reaffirmed Leaders' directive to implement the Action Plan in close partnership with the private sector, including ABAC, to ensure that actions taken truly cut costs for business.

Ministers encouraged participation by the private sector and officials responsible for customs, standards, e-commerce and business mobility issues in an upcoming workshop on "Implementing the APEC Trade Facilitation Principles" to be organized by Canada; Hong Kong, China and Thailand in Bangkok later this year.

Ministers recognized the need for partnership with other international organizations in APEC's capacity building work on trade facilitation, and in this regard, welcomed the project "Assessing the Economic Benefits of Trade Facilitation in APEC and Recommendations for a Coordinated Capacity Building", being developed by APEC and the World Bank which will provide insights on the economic benefits of trade facilitation and clear recommendations for furthering APEC's capacity building work. They also welcomed an Australian study that will promote APEC best practice in the implementation of trade facilitating reforms.

Ministers welcomed Indonesia's announcement that it would join the APEC Business Travel Card scheme. Business travelers from 13 economies will now benefit from streamlined travel to entry into and departure from participating member economies.

Ministers welcomed the announcement by Australia and Singapore that they will become the first economies to sign onto stages II and III of the APEC electrical MRA, and New Zealand's intention to apply shortly. They encouraged other APEC economies to follow suit. Also Ministers welcomed the cross-border paperless trading initiative spearheaded by Chinese Taipei and co-sponsored by Australia; Hong Kong, China; Japan and Singapore.

e) Transparency Principles

Ministers recalled Leaders' directive last year to pursue implementation of APEC's Transparency Principles and reviewed the work in progress. Ministers instructed officials to reinforce such work to strengthen business confidence in APEC and to deliver a set of transparency principles for adoption by Leaders in October.

f) Individual Action Plans (IAPs)

Ministers reaffirmed their commitment to take the actions outlined in their respective IAPs to achieve the Bogor goals. They pledged to continue to improve IAPs and make them more understandable to the public, recognizing that APEC's relevance to the public and, particularly, the private sector is crucial for forward progress. Ministers endorsed the preliminary plans for IAP Improvement in 2002 submitted by respective member economies and encouraged economies to keep up individual efforts to liberalize and facilitate trade and investment in order to achieve such goals.

Ministers welcomed progress in APEC to strengthen the IAP Peer Review Process, bearing in mind that an implementation mechanism is credible only if coupled with monitoring and assessment procedures. The involvement for the first time of outside expertise and the greater role to be played by the private sector are expected to help ensure that reviews of IAPs are rigorous and meaningful. Ministers commended Japan and Mexico for volunteering to be first in submitting their IAPs for review under the new approach, and welcomed Australia; Canada; Hong Kong, China; Korea, New Zealand and Thailand's offer to submit theirs in 2003 and Chile, Peru and Singapore in 2004. They also encouraged other member economies to submit their IAPs for peer review in the future. Ministers also welcomed Senior Officials discussion for the report of peer review sessions being posted on the APEC website for public viewing.

g) Collective Action Plans (CAPs)

Ministers welcomed the progress report on the review and evaluation of CAPs implementation and their effectiveness in achieving the Bogor goals.

The meeting reviewed progress in the CAPs process with a view to increasing its relevance for the business sector and producing tangible deliverables on trade in the region, as agreed at MRT last year. Ministers noted the benefits that will arise from adoption of the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures and called upon those member economies yet to do so, to adopt the Convention at the earliest opportunity.

Ministers also discussed ways to improve IPR enforcement, including Japan's proposal to establish an IPR Service Centre Network, and instructed Officials to continue their discussion in order to report the proposal of appropriate mechanism by next Ministerial Meeting. Ministers called on APEC members to encourage wide participation from business sector in the upcoming "APEC Seminar on Venture Capital and Start-up Companies" to be held in Beijing in December this year.

New Economy

a) Implementation of e-APEC Strategy for the New Economy

Ministers acknowledged the role that ICT has in the return to economic growth. They reaffirmed the importance of implementing appropriate policies to foster the use of ICT and spread the benefits of the new economy. Ministers confirmed APEC's commitment to the implementation of the e-APEC strategy, and welcomed the preliminary report by the e-APEC Task Force on its implementation.

b) Electronic Commerce

Ministers acknowledged the role of ICT in reducing the costs of trade and investment. They welcomed the progress on implementing APEC's paperless trading targets as recorded in the Paperless Trading IAPs submitted by Australia; Hong Kong, China; Indonesia; Japan; Korea; Mexico; Chinese Taipei; Thailand; and Viet Nam. Ministers urged economies to take further steps to implement APEC's paperless trading goals.

Ministers welcomed China's initiative to hold an APEC e-commerce Fair in Yantai, China, in April 2003 and called on all APEC member economies to encourage wide participation in this event by government officials and by the business and academic communities.

Ministers welcomed Chinese Taipei's progress report on Phase II of the project Transforming the Digital Divide into a Digital Opportunity, which will be implemented in 2002.

Economic Growth

a) Strengthening the Functioning of Markets

Ministers reaffirmed that APEC's efforts to strengthen the functioning of markets are fundamental to building business and investor confidence and in ensuring that economies can take full and sustained advantage of the opportunities and benefits offered by open markets. Ministers welcomed the work that APEC has undertaken, including efforts in the Finance Ministers process, on strengthening markets and economic and corporate governance.

In particular, Ministers welcomed Peru's outcome report on the Second Workshop of the APEC-OECD Cooperative Initiative on Regulatory Reform, and Japan's progress reports on Strengthening Economic Legal Infrastructure including the second SELI Symposium to be co-hosted with Australia and Indonesia in July in Jakarta, and SME and New Business Support. They encouraged APEC

economies to continue to make real strides in implementing APEC's Principles to Enhance Competition and Regulatory Reform, as well as the range of other work in APEC on strengthening economic legal infrastructure and improving corporate governance practices

b) Small Business

Ministers welcomed the release of the joint APEC study "Small Business and Trade in APEC". Ministers noted the key role played by small business, including micro-enterprises, in promoting export growth in developed and developing economies, and in underpinning economic and employment growth and development. On average in APEC, small businesses make up over 98% of all enterprises, account for 30% of direct exports (estimated at US\$930 billion), 10% of foreign direct investment by value and 60% of private employment. Ministers noted the importance for APEC of the key findings of the study, which found that progress in APEC on trade facilitation and the removal of non-tariff barriers could result in small businesses increasing their exports by US\$1.18 trillion over the next five years. The study underscores the fact that APEC's agenda is one that is increasingly relevant and important to maximizing the potential of small business in the region.

Counter-Terrorism and Trade Facilitation in APEC

Terrorism, in all its forms, is a threat to economic stability in APEC, as well as a threat to regional peace and security. As APEC Leaders noted in their Statement on Counter-terrorism in Shanghai last year, terrorism is a direct challenge to APEC's vision of free, open and prosperous economies. Acknowledging the threats posed by terrorism, APEC Ministers reaffirmed the need for full implementation of the APEC 2001 Leaders' Statement on Counter-terrorism.

Ministers reviewed an interim report prepared by the APEC Secretariat on APEC measures taken in response to the APEC 2001 Leaders' Statement on Counter-terrorism. Ministers noted the substantial progress already made in implementing specific Leaders' commitments to suppress the financing of terrorism, enhance air and maritime security, strengthen energy security, strengthen critical sector protection and enhance security-related cooperation on customs and border security. Ministers called on all relevant APEC working groups and sub-fora to intensify their efforts in response to the Leaders' Statement, including through policies and measures to increase economic growth, as well as to ensure a stable and safe environment for trade, investment, travel and tourism.

Ministers noted the range of substantive domestic counter-terrorism measures implemented by individual APEC economies, as detailed in the APEC Secretariat's interim report, and the efforts of relevant APEC economies to cooperate fully to counter-terrorism in other international fora, particularly the United Nations and through implementation of UN Security Council Resolutions 1373 and 1368. Ministers agreed that APEC economies should continue their efforts in this regard.

The collective and individual efforts of APEC economies have limited the economic fall out from the September 11 attacks and strengthened the resolve of Ministers to push ahead with APEC's ambitious trade and investment liberalization and facilitation agenda. Ministers noted the importance of achieving the twin goals of enhanced security against terrorist threats and continued facilitation of the movement of goods, capital and people, and instructed APEC Officials to identify priority programs to contribute to those goals for implementation by the meeting of the Leaders in October. Calling for "mentor economies" to help others enhance their capabilities to fight terrorism, they also instructed Officials to explore how to best provide capacity building assistance to developing economies.

Outreach

a) Dialogue with ABAC

ABAC plays a unique role by providing advice on concrete initiatives that APEC should adopt to improve the business environment in the Asia Pacific region. Ministers welcomed the presentation

and discussion of ABAC's pre-report on its recommendations to Leaders. Ministers committed to consider them seriously and to strive to deliver concrete outcomes by the Leaders' meeting in October. They emphasized the need to continue strengthening the relationship between government and private sector. Ministers recognized that the report contains new recommendations for timely cross-cutting issues such as global security, technology, finance, business facilitation, SMEs, and the monitoring of APEC Individual Action Plans, as well as important recommendations from previous years that APEC continues to address.

Ministers noted the proposal made by ABAC to develop a flagship Trans-Pacific multimodal transportation corridor, an initiative to build up a modern multimodal corridor between North America and Asia.

Ministers instructed officials to review and where appropriate pursue the implementation of recommendations contained in the pre-report of ABAC.

b) Automotive and Chemical Dialogues

Ministers welcomed the reports on the Fourth Automotive Dialogue held on 16-19 April 2002, and on First Chemical Dialogue held on 22-23 May 2002.

Concerning the automotive dialogue Ministers welcomed the decision made by the United States to embark on an informal peer review discussion process and commended Japan and Korea for their offer to undergo a similar "peer discussion" process at the next Steering Committee meeting. Ministers encouraged other economies to do so too.

Ministers took note of the recommendation to use the revised Principles of Automotive Technical Regulation Harmonization to guide their harmonization and regulatory programs, and also noted the letter sent by the Dialogue Chair to the WTO Director General, Mike Moore, expressing the Dialogue's interest in the new round and its possible contributions to it.

Ministers thanked Australia for its excellent contribution as the Automotive Dialogue's Chair and welcomed Indonesia as the incoming Chair.

Ministers endorsed the recommendation of the First Chemical Dialogue that, following its adoption by the United Nations this year, as many APEC economies as possible implement on a voluntary basis, the Global Harmonized System on hazard classification and labelling of chemicals and safety data sheets by 2006, and encouraged officials to work in that direction, including through capacity building.

c) Dialogue on Globalization and Shared Prosperity

Ministers welcomed the successful outcomes of the APEC Dialogue on Globalization and Shared Prosperity, held on 26 May 2002 in Merida. They acknowledged the importance of good domestic economic reform policies, sound institutions and skills development in promoting economic growth. They noted the Dialogue's focus on the importance of the social dimension of globalization, and on the need for appropriate measures to help people adjust to new circumstances and acquire the learning and skills needed to thrive in the New Economy. Ministers also acknowledged the need for social safety nets that cushion the impact on workers displaced by economic change and that facilitate resumption of employment and protection of affected families. They called for communication strategies to disseminate and make understandable to all stakeholders the benefits and challenges.

THIRD APEC TRANSPORTATION MINISTERIAL MEETING

Lima, Peru
6–9 May 2002

JOINT STATEMENT
Connecting APEC: Pathways to Prosperity

1. For the third time, the APEC Ministers responsible for Transportation have met to exchange views, and consider options for continued progress toward achieving our Economic Leaders' Bogor Declaration Goals, especially the goal to achieve free and open trade and investment in Asia-Pacific by 2010/2020. Our meeting took place at a critically important time for the Region's transportation industry as it attempts to cope with the impacts of the terrorist attacks of September 11, 2001. Accordingly, we paid particular attention to enhancing regional cooperation on safety and security, while at the same time considering ways and means of reducing impediments to trade and investment, including through liberalizing transportation services as well as economic and technical cooperation, and human capacity building.
2. First in Washington DC, United States of America in 1995, and then in Victoria, Canada in 1997, we developed a constructive and forward-looking approach to addressing transportation impediments in the APEC region. This has resulted in substantial progress on issues relevant to transportation and trade.
3. At this, and our previous two meetings, we have benefited from an open dialogue with senior representatives of the region's transportation industry. We appreciate the interest of those public and private sector industry representatives who joined with us in Lima, Peru. We acknowledge the continued importance of industry in all efforts to improve transportation in the region and call upon industry and our officials in the Transportation Working Group to continue to work together to reach the desired goals of continued economic development and prosperity for all APEC economies. In this regard, we commend the Group for its initiative in expanding the guest participation of several intergovernmental and non-governmental transport organizations in its regular meetings, and expect that this cooperative approach will continue in the future. We expect the Group to encourage the participation in economy delegations of appropriate transport industry representatives wherever possible. Such partnership will ensure that the Group's work will continue to bring benefits to the providers and users of transport services in the region.
4. We note the report of the activities of the Transportation Working Group and express our satisfaction with the work that it has accomplished since our meeting in 1997. The Working Group is the instrument by which both APEC Leaders' and Ministers' goals and directions in the transport field are implemented collectively. The Transportation Working Group is to be commended for determining a *strategic direction* in 2000, aimed at facilitating 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. At the working level, we expect that the Group will further develop its Operational Plan towards implementing APEC Leaders' and Ministers' goals and the strategic directions.
5. As the theme for our meeting suggests, transportation in the APEC region is key to economic development and prosperity in the region. A seamless and safe transportation system is important in the facilitation of trade, and the provision of basic services throughout any society. The trade and social goals of APEC cannot be pursued without consideration being given to transport issues in the Region. We therefore commit ourselves to 'connecting APEC', to strengthen the ability of APEC economies to prosper in the global economy through efficient, integrated and safe transportation.

6. On the 11th of September 2001, the world encountered the utterly unacceptable and vicious terrorist attacks, which occurred in the United States. We express our deepest and sincerest condolences to the victims and their relatives, which included the people of more than 80 economies. We condemn in the strongest terms, the misuse of any part of an economy's transport system or its infrastructure for acts of terrorism. There is no place in civilized society for the conversion of civil aircraft, vehicles, vessels and trains into weapons aimed at innocent targets. Therefore, in accordance with the Leader's Statement on Counter-Terrorism, we fully support the actions and initiatives being taken by ICAO and IMO in aviation and maritime security and resolve to take all necessary measures to prevent a reoccurrence of such terrorist attacks.

Our priorities for the future:

7. In their annual statements since 1993, APEC Leaders have placed their principal emphasis on the voluntary achievement of comprehensive free and open trade and investment in Asia-Pacific, by various means including the removal of barriers and discriminatory treatment, promoting competition, and regulatory reform. We therefore reaffirm that the principal focus of cooperation in APEC is trade and investment liberalization and facilitation as well as economic and technical assistance, and resolve to continue to work towards that purpose, with the participation of the private sector. We accord an equally high priority to ensuring a safe, secure, efficient, integrated and environmentally sustainable transportation system for the Region, and that the capacity constraints of our transportation systems be dealt with as a high priority so our people, goods and services can move freely and work effectively throughout the economies. We also affirm the wish of APEC Leaders to build the 'human capacity' of people in the region.
8. Accordingly, we state our priorities for transportation as being:
 - to eliminate barriers to a more competitive transportation operating environment across all modes, ensuring safe and sustainable transport complying with international safety and security standards;
 - to promote economic and technical cooperation especially for developing economies, to assist them in achieving the Bogor Goals;
 - to promote measures, taking into account advancements in technology, to enhance safety, security, environmental protection and energy efficiency;
 - to promote timely rational investment in the region's transport infrastructure, and to encourage efficient use of existing infrastructure through the application of appropriate technology, trade and transport facilitation techniques;
 - to cooperate to address institutional constraints affecting the efficient provision of transportation services in the region, including cross-border facilitation; and
 - to build human capacity in productivity, skills and efficiency of labor and management in the transport sector.
9. To accomplish this we will move positively forward in the areas of more competitive transportation, safe and environment-friendly transportation, and human resources development. In the following paragraphs we review the leading accomplishments of the Transportation Working Group, state our objectives for the future, and provide a mandate for the Group to implement our objectives in the above areas, as follows:

More Competitive Transportation

10. We *note* the progress of the Transportation Working Group in its work towards developing recommendations for achieving more competitive air, intermodal and maritime transportation, together with work on electronic commerce, port efficiency and road transport harmonization. We *endorse* the continuation of that work, together with new work to identify non-tariff measures in the transport sector, and facilitate trade.
11. In accordance with our determination to make progress in trade and investment liberalization

and facilitation in the transport sector, the focus of the Transportation Working Group must continue to be the identification of barriers to market access and other institutional constraints upon the natural growth of more competitive transport services. Together with the development of appropriate policy recommendations and an economic and technical cooperative mechanism to address impediments, the Group can positively assist economies in their implementation of transparent and equitable competition policies that will achieve the Bogor Goals. Such work should not be seen as a series of 'one off' exercises but more a continuum of inter-related activities leading to a successful conclusion. The Group should regularly monitor the status of implementation in economies, including through the Individual Action Plan (IAP) process, and where appropriate, revise or renew its work.

12. While not limiting the ability of the Transportation Working Group to use its initiative in future, we:
- *welcome* the progress made towards implementing the Group's recommendations for more competitive air services with fair and equitable opportunity in accordance with our Leaders' declarations of 1999 and 2000. We look forward to active continuation of the excellent results achieved on a voluntary basis including a bilateral and/or plurilateral approach. We look forward to receiving annual reports which will also be sent to APEC Ministers, and Leaders through Senior Officials Meetings. We instruct the Group to continue to develop for voluntary implementation by economies, recommendations for more competitive air services with fair and equitable opportunity;
 - *commend* and *endorse* the Group's initiative in developing a project identifying non-tariff restrictions to trade in the transport sector, and developing a best practice model which can serve as a guide to the elimination or reduction of the existing barriers;
 - *commend* and *endorse* the activities to date by the Maritime Initiative (MI), including the elaboration of a Maritime Mission Statement, and *encourage* the MI to proceed with further activities seeking more competitive maritime transport, such as: promotion of mutual understanding; facilitation of WTO negotiations; regional liberalization and technical cooperation;
 - *commend* the work of the Road Transport Harmonization Project (RTHP) and *endorse* the efforts of economies to harmonize their vehicle regulations, in a manner consistent with improved safety and environmental protection, and through participation in the activities of the United Nations' World Forum for the Harmonization of Vehicle Regulations, including accession to the 1958 Agreement and/or the 1998 Global Agreement;
 - *endorse* the Principles of Automotive Technical Regulations Harmonization developed jointly by the RTHP and the Automotive Dialogue of the APEC Committee on Trade and Investment, and *encourage*, where appropriate, mutual recognition arrangements for the certification of automotive products by using the Model Mutual Recognition Arrangement developed by the RTHP;
 - *welcome* the Group's successful electronic commerce work; *endorse* the target of eliminating the requirements for paper documents (both regulatory and institutional) for the key messages relevant to international transport and trade by 2005 for developed, and 2010 for developing economies, or as soon as possible thereafter; and *encourage* the Group to continue to assist economies with appropriate advice and capacity building projects towards this achievement;
 - *commend* and *endorse* the work completed by the Port Experts Group (PEG), including the development of an APEC Port Database. We also *encourage* the PEG in its work to improve port capacity and operational efficiency; and
 - *note* that the Group has already considered earthquake countermeasures in relation to port operations, *acknowledge* that natural disasters are a recurring concern in several economies, and *request* the Group to consider further prevention and recovery or mitigation work to tackle impact of natural disasters across all modes when developing its Operational Plan.

Safe and Environment-friendly Transportation

13. We *commend* the progress of the Group in the areas of enhancing safety, efficiency, security and in facilitating transportation and trade. We *note* the progress of its work on safety and

security across all modes, including environmental considerations and the adoption of new technologies such as Satellite Navigation and Communications (SN&C) systems, and Intelligent Transport Systems (ITS). We understand that SN&C and ITS can contribute much to the Region's most significant transportation needs relating to saving lives, time, money, energy and the environment through more effective use of the existing transportation systems and related infrastructure. We endorse the continuation and development of that work with emphasis placed on the recognition of the fast pace of technology advancements, taking advantage of the benefits which will accrue to the transportation industry.

14. We reiterate our ambition, first expressed in Washington DC, for achieving harmonization of transport regulatory practices, or where applicable, mutual recognition or reciprocal acceptance of such practices. We and the transportation industry have a shared interest in streamlining, and ultimately removing requirements for 'multiple' certification of carriers engaged in transport services between economies, or of organizations providing repair and maintenance services for carriers based in other economies. This should be accomplished in a manner consistent with international safety and security standards. This cannot, and should not, be regarded as only a governmental responsibility. The region's transport operators, users, and service providers also have a stake in ensuring safe and sustainable transport complying with international safety standards. By working together we can identify areas for industry-government cooperation for our mutual safety benefit.

15. Without limiting the ability of the Transportation Working Group to use its initiative in the future, we:
 - *commend* the work of the Group in preparing a framework for the development of standards for implementation of ITS in economies and addressing ITS interoperability and standards issues in the Region. We *note* that aspects of this work are being coordinated with the Group's work on intermodal transport and electronic commerce;
 - *commend* the Group's work on Satellite Navigation and Communications Systems and its intentions to facilitate the implementation of rapidly evolving SN&C systems in the Region. We *agree* to collectively support, in the World Radiocommunications Conference in 2003, the retention of the current frequency spectrum for the exclusive use of aeronautical radionavigation and radionavigation-satellite services, ensuring safe and sustainable transport complying with international safety standards;
 - *recognize* the efforts of the International Civil Aviation Organization and the international aviation community to encourage the implementation of Global Navigation Satellite Systems (GNSS) to promote aviation safety and efficiency. We also *endorse* the continuation and development of that work especially the implementation of GNSS for all transportation modes and its use by other industries. To that end, we fully support the Group's establishment of the GNSS Implementation Team and its role in facilitation of the implementation of satellite based navigation and timing capabilities in all economies, including the development of space based augmentation systems (SBAS) and ground based augmentation systems (GBAS), including regional augmentation systems;
 - *commend* the Group's work in transportation security, and its swift reaction to APEC Leaders Shanghai Statement on Counter-Terrorism. We *endorse* its efforts to strengthen and harmonize the aviation security framework, and to promote international cooperation among appropriate entities for the suppression of piracy and armed robbery;
 - *encourage* cooperation among economies to improve aviation safety and security oversight capability in the region by assisting economies to meet international safety standards, and that official aviation personnel are properly trained and have the necessary resources to carry out their aviation responsibilities;
 - *encourage* APEC economies to work within appropriate international fora for the purpose of further strengthening the security standards that apply to international transportation; and
 - *encourage* APEC economies to accelerate their implementation of transportation security standards adopted within ICAO, IMO and other international organizations.
 - *commend* the Group for its efforts to identify major road transportation safety problems as a first step to improve road safety in the APEC region, and recognize the importance of the improvements in road safety and environment as one of the Group's priorities; *encourage*

the Group to consider enhancing its work by seeking cooperation with public and private sectors to address road safety as well as environmental concerns through, among other things, development of economically feasible and highly effective measures, and assisting economies to implement these measures;

- *commend* the Group's work on Intelligent Transportation Systems, including the report on a framework for the development of standards previously submitted to us, and *direct* it to address ITS interoperability and standards concerns in the region;
- *direct* the Transportation Working Group to establish a project that will demonstrate the effectiveness of ITS technology and facilitate development of ITS standards that enhance interoperability amongst economies. The project should include elements of tracking container freight movements through intermodal port facilities and to their ultimate destination and the provision of port clearance through customs using E-commerce;
- *commend* the work of the Experts Group on Maritime Safety (EGMS) in promoting safety in the Region, *note* that the group held the International Symposium on Safer Shipping in the APEC Region in Sydney, Australia in 2001, and *direct* the group to take into account the recommendations arising from the Symposium in the future work of the group with respect to maritime safety and security issues.

Human Resources Development

16. APEC Ministers and Leaders, concerned to see globalization as an opportunity for all, have endorsed 'capacity building' across the broad range of APEC activities, with a particular emphasis on human resources development, including skills development and technological upgrading. Leaders have also developed a framework for the integration of women in APEC. We acknowledge the efforts of the Transportation Working Group to meet the thrust of these top-level initiatives, as well as our own prior directives. We expect the Group to develop projects to address specific training and education needs, enhance the mobility of transport professionals in the region through mutual recognition, and assist the full integration of women in the transport sector.
17. Without limiting the ability of the Transportation Working Group to use its initiative in future, we:
 - *commend* the work of the Group in developing a gender 'toolkit' to make it easier for the Group to implement APEC Leaders' objectives through the women's framework. We expect the Group to apply the women's framework at all stages of its work on HRD;
 - *commend* the Group for its work towards developing a model mutual recognition framework for recognition of transport professional qualifications, and *encourage* economies to enter into such arrangements when this work is completed;
 - *commend* the work of the Group in identification of seafarers' training needs and training towards compliance with the international Convention on Standards of Training, Certification and Watchkeeping for Seafarers; and
 - *commend* the group for its work with respect to intermodal skills development and training and endorse plans to hold an intermodal transportation symposium.

Closing Remarks

18. We *commend* the Group for developing an operational plan and we instruct it to take into account in its future work program calls by our Leaders in the Shanghai Accord to promote sustainable development and narrow disparity by ensuring the effective implementation of various economic and technical cooperation initiatives.
19. We *agree* to meet again in Bali, Indonesia in 2004 and we instruct the Group to provide an annual progress report on the implementation of our priorities listed in paragraph 8.

Finally, Ministers thank the Government of Peru for hosting the 3rd APEC Transportation Ministerial Meeting and for the warm hospitality provided. They also thank the Chair for the efficient management of the meeting and the APEC Secretariat for the supportive work.

THE 1ST APEC OCEAN-RELATED MINISTERIAL MEETING

Seoul, Korea
22–26 April 2002

Seoul Oceans Declaration

We, the APEC Ocean-related Ministers, representing 21 economies bordering the world's largest ocean;

- Recognizing the importance of oceans for food security, sustainable economic development, and social and environmental values within the APEC region;
- Recognizing the importance of the APEC region in achieving the conservation and management of living marine resources since APEC economies constitute over 75% of the world's capture fisheries and over 90% of world aquaculture production, and that they consume 70% of the world's global fish products;
- Acknowledging the current efforts of APEC economies to address the challenges of ocean-related issues, and to make use of shared experiences, lessons learned and a range of management tools;
- Determined to add further momentum to the implementation of the Bogor Declaration, the Osaka Action Agenda, the 1997 Action Plan for the Sustainability of the Marine Environment, the 1998 Hawaii Declaration at the APEC Oceans Conference, the 2001 Montreal Declaration, and 2001 leaders declaration on counter-terrorism;
- Welcoming the adoption of the Doha Development Agenda, noting the launch of new negotiations and committed to supporting its successful conclusion;
- Aware of the need for leadership and improved regional coordination and cooperation for the responsible care of the oceans;
- Understanding the value of an ecosystem-based approach to coastal and marine management and the importance of implementing such an approach in an integrated and cross-sectoral manner;
- Recognizing the economic, social and environmental benefits to APEC economies of improved forecasts derived from oceans and atmospheric observations;
- Recognizing the value and guidance provided by existing measures, frameworks and programs, and of ongoing international efforts that may assist regional and domestic efforts to address sustainable oceans management;
- Mindful of the need to ensure that efforts of member economies are in accordance with relevant international instruments;
- Noting the importance of engaging relevant sectoral and stakeholder interests in decision making processes, including NGOs and the private sector; and
- Recalling the APEC Leaders' commitment in Shanghai in 2001 to contribute to the success of the World Summit on Sustainable Development and asserting the value that APEC can contribute from a regional perspective to the oceans theme at the Summit in August 2002;

resolve to...

Domestic Action

1. Develop and promote, in an integrated manner, better coastal and oceans management using an ecosystem-based approach, including for sub-regional seas, river basins and watersheds adjacent to coastal areas;
2. Improve and strengthen market-based instruments, regulations and enforcement mechanisms for the sustainable management of marine resources;
3. Develop and promote, in accordance with applicable international law, the use of a range of tools for sustainable management, including marine protected areas within member economies' jurisdictions, environmental impact assessment and oceans and integrated coastal zone management policy and frameworks;
4. Facilitate the adoption and implementation of international instruments relating to maritime safety, marine pollution, compensation and liability for environmental damage from ships,

- and the use of harmful anti-fouling paints;
5. Contribute to further international efforts for the control and management of ship's ballast water and sediments;

Domestic and Regional Action

6. Improve the conservation and sustainable management of important and critical coastal and marine habitats and related ecosystems;
7. Facilitate, through exchange of information, effective regional implementation of global fisheries instruments in achieving responsible fisheries and sustainable aquaculture;
8. Eliminate IUU fishing activities from the APEC region;
9. Support the development of scientific research in fisheries and aquaculture that will strengthen our knowledge and improve decision-making, and to advance the scientific basis for incorporating ecosystem considerations toward, *inter alia*, developing a shared understanding of the concepts and practice underpinning the ecosystem-based approach to management;
10. Accelerate efforts to address the threats posed by introduced marine pests, destructive fishing practices, and sea-based and land-based sources of marine pollution;
11. Increase efforts to sustainably manage tourism activities that affect or potentially affect marine and coastal environments;
12. Take further steps to involve all relevant stakeholders, including the private sector, NGOs and academia as partners in pursuit of sustainable development;

Regional Action

13. Strengthen cooperation for building capacity, sharing information and expertise, including for marine science and technology, responsible fisheries and sustainable aquaculture, and coastal and marine management in an integrated manner;
14. Strengthen cooperation to promote responsible trade in fishery products through, *inter alia*, APEC's TILF initiatives;
15. Encourage capacity building for food safety through such measures as the development of equivalent standards for capture fisheries and aquaculture products and on the use of HACCP (Hazard Analysis and Critical Control Points);
16. Promote improved regional science collaboration and coordination to develop and facilitate ocean observing, assessment and forecasting systems, rapid response mechanisms for extreme weather and climate events;
17. Cooperate with economies and relevant regional institutions to develop marine scientific research capacity with respect to a range of issues including bio-prospecting and non-living marine resources;
18. Encourage the development of proposed and existing policies and regional research, education and training initiatives and welcome the establishment of AMETEC by Korea;

APEC Response

19. Continue to improve the cooperation and coordination between APEC fora with marine-related activities, such as the Marine Resource Conservation, Fisheries, Transport, Tourism, Industrial Science and Technology, and Energy working groups;
20. Instruct the Marine Resources Conservation Working Group, Fisheries Working Group and other relevant APEC fora to develop and implement the policy goals enshrined in this Declaration and to report on progress to APEC Senior Officials;
21. Accelerate ocean outreach programs accommodating relevant stakeholders in APEC fora;
22. Welcome the kind offer by Indonesia to host a second AOMM.

APEC Contribution to World Summit on Sustainable Development and its Follow up

23. Take into account this Declaration in their preparations for the World Summit on Sustainable Development; and

24. Build on the importance of the contribution APEC is making to food security, sustainable development and poverty alleviation, which reflects APEC's regional approach to the broad global agenda of the WSSD.

APEC BUSINESS ADVISORY COUNCIL 2002

Los Cabos, Baja California Sur, Mexico
22-26 October 2002

REPORT TO APEC ECONOMIC LEADERS Sharing Development to Reinforce Global Security

Executive Summary

There is considerable uncertainty about the global economy heightened by the collapse of asset prices and major corporate governance failures which threaten to slow down growth further and to delay recovery. Since September 11, 2001, concerns about security have also affected business decisions as well as the flow of commerce. ABAC believes that APEC should work with a sense of urgency to support the recovery of the global economy. A key step is to help rebuild trust in the global economy that has been eroded by poor corporate governance, the perceived inequality in access to the benefits of globalisation and concerns about security.

ABAC's 2002 work programme responds to the challenges of making the Asia-Pacific region a more secure place in which to live, for investments to flourish, and for businesses to grow. At the same time, our goal is to ensure that the benefits of our endeavours extend to all levels of society recognising that security and development are mutually reinforcing. APEC's vision of a community of shared development and prosperity, underpinned by trade liberalisation and capacity building mutually reinforcing each other, has thus become even more relevant in these difficult times. This approach ensures that trade and investment play their full part in promoting economic growth for all its members.

To reflect the challenges of uncertainty in the business environment, the new focus on security, and equitable access to the benefits of globalisation, ABAC chose as its theme for 2002 **"Sharing Development to Reinforce Global Security."**

The following are ABAC's key messages to Leaders under this theme:

- Now is the time for APEC economies to reaffirm their commitments to the Bogor Goals and to undertake initiatives to secure desirable outcomes from the WTO negotiations at the earliest possible time. These actions should continue to be balanced with a more focused capacity building programme aimed at promoting the growth and the competitiveness of its developing member economies.
- Facilitation of trade and investment is central to APEC's mission. Harmonising standards and eliminating impediments to the conduct of cross-border business is essential to encouraging the free flow of people, goods, services, long-term investments, and know-how.
- Terrorism has effects that go beyond the political arena and impact directly on the entire business environment. It stifles and erodes business confidence. The APEC community must therefore join forces to enhance security, curtail terrorist financing, and develop effective management processes to resist, respond and recover from crises. Both the public and private sectors must address these challenges and implement effective security solutions that also respect the interests of legitimate commerce.
- As recent events have demonstrated, good corporate governance and transparency are essential underpinnings to the efficient functioning of financial markets and the overall economy. APEC economies must improve corporate governance to restore confidence and stimulate economic recovery in the region.

- Small and medium enterprises (SMEs) play a vital role in all APEC economies. SMEs contribute to economic growth, job creation, regional and local development, social cohesion and poverty reduction. Particularly during this period of economic uncertainty, it is vital that APEC Leaders work to free the entrepreneurial spirit in our people by eliminating impediments to entrepreneurship and small business development. Micro-enterprises, which provide a business approach to the alleviation of poverty and contribute to a more inclusive world economy, should be encouraged by APEC member economies.

To give substance to these messages, ABAC calls upon Leaders to:

- Develop a concerted action plan to be pursued by APEC members participating in the negotiations on the Doha Development Agenda. While all issues on the negotiating agenda are of interest to business people, priority and concentrated attention is needed to regain the momentum for trade liberalisation in those areas of negotiations where the greatest gains for the greatest number can be anticipated. In our view, urgent action is required to free up access and eliminate export subsidies in agricultural products; free up access and reduce tariffs on tropical products; liberalise the services sectors; lower high tariffs on manufactured products including textiles and apparel; eliminate the misuse of anti-dumping actions and trade restrictive non-tariff measures. Priority must also be given to enhancing the capacity of members to negotiate effectively, implement WTO commitments, and lock-in gains from liberalisation of trade and investment.
- Take urgent action to restore investor confidence by measures to improve corporate governance standards and practices in member economies and promote the transparency of policies affecting trade and investment. In particular, APEC economies should move to adopt one set of internationally accepted accounting standards, implement measures to promote the highest standards of ethical corporate behaviour, audit independence and transparency and fairness in reporting.
- Create the regulatory framework and implement capacity building initiatives so that goods, business travellers, financial services, information and ideas would flow freely throughout the region while meeting security concerns. This will continue to be a major element in the work of ABAC as it contributes to the new initiatives launched by Leaders in the Shanghai Accord to reduce business transaction costs in the region by 5% by 2006 including those identified by ABAC.
- Undertake concerted public and private sector action aimed at promoting economic growth; restoring confidence and integrity in financial systems, markets and companies; enhancing the international financial architecture and regional and sub-regional co-operation in addressing financial challenges; and capacity building measures to assist economies and firms in adopting international standards and practices.
- Remove the impediments in the economic and business environment to free the entrepreneurial spirit in our populations through progressive programmes that allow micro, small and medium enterprises to flourish. Efforts must be redoubled to create an enabling policy environment for SME growth through reduced compliance costs, and improved access to information, technology, and financing. Effective development and delivery of micro-finance in developing economies can strengthen the growth of micro-enterprises.
- Expedite implementation of necessary laws and capacity building initiatives to create an enabling environment for e-commerce, meet agreed targets under the trade policies for the new economy initiative, broaden and deepen e-government applications drawing on private sector expertise to measure progress, and work with the private sector to develop concrete projects that can improve information communications and technology skills to enable broader participation and benefit from the digital economy.
- Encourage more public/private partnerships to realise the APEC vision. The Trans-Pacific Multimodal Security System (TPMSS) is an innovative example of how public/private

partnerships between several APEC economies can promote business facilitation, customs modernisation, the use of intelligent transportation systems, capacity building and enhanced global security.

- Improve communication of the benefits of trade liberalisation and regional integration to our respective communities, to strengthen support for and generate momentum to achieve the Bogor Goals. ABAC finds the sectoral dialogues which APEC has begun with the private sector useful and urges their continuation. For its part, ABAC has implemented an aggressive outreach programme to articulate the benefits of globalisation, free trade and the unique role of APEC on the world stage.

APEC is at the halfway point towards the Bogor Goals. APEC must take decisive steps to reenergize itself and build momentum for the more challenging half of this journey. As the voice of the business sector in APEC, ABAC hopes that the recommendations contained in this report will contribute to the achievement of our shared goals.

THE OSAKA ACTION AGENDA
Implementation of the Bogor Declaration
(2002 Update)

PART ONE: LIBERALIZATION AND FACILITATION¹

SECTION A: GENERAL PRINCIPLES

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

1. COMPREHENSIVENESS

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

2. WTO-CONSISTENCY

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

3. COMPARABILITY

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

4. NON-DISCRIMINATION

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

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

5. TRANSPARENCY

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

6. STANDSTILL

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

7. SIMULTANEOUS START, CONTINUOUS PROCESS AND DIFFERENTIATED TIMETABLES

APEC economies will begin simultaneously and without delay the process of liberalization, facilitation and cooperation with each member economy contributing continuously and

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

significantly to achieve the long-term goal of free and open trade and investment.

8. FLEXIBILITY

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

9. COOPERATION

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

10. RELEVANCE, PROGRESSIVENESS AND EFFECTIVENESS

APEC needs to deliver real benefits to economies and people, demonstrate leadership in confronting emerging issues, which impact on sustainable economic growth and development and bring about measurable progress and change.

SECTION B: FRAMEWORK FOR LIBERALIZATION AND FACILITATION

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

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

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

ACTION PROCESS

Preparation

Action Plans were introduced immediately after the Osaka Economic Leaders' Meeting. Overall implementation of Action Plans began from January 1997. The Action Plans elaborate steps toward achieving the objectives set out in Section C, including both concerted unilateral actions to be taken in line with issue-specific guidelines and collective actions. They will contain specific and concrete details, with time frames, for the near to medium-term, while outlining the basic direction toward 2010 in the case of industrialized economies and 2020 in the case of developing economies.

Consultation

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

Submission

Each APEC economy will submit its Action Plan to the Annual Ministerial Meeting for assessment.

Review

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

will be fed back into the continuing consultation process to contribute to further development of Action Plans and will be reflected in the activities of APEC fora.

Revision

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

Parallel activities

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

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

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

MULTILATERAL ACTIONS

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

OVERALL REVIEW

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

SECTION C: ACTIONS IN SPECIFIC AREAS

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

1. TARIFFS²

OBJECTIVE

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

- a. progressive reduction of tariffs until the Bogor goals are fully achieved; and

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

- b. ensuring the transparency of APEC economies' respective tariff regimes.

GUIDELINES

Each APEC economy will:

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

COLLECTIVE ACTIONS

APEC economies will:

- a. participate and ensure the expeditious supply and updates of the WTO Integrated Database and any other APEC databases;
- b. arrange for seminars and/or workshops on industrial tariffs negotiations in consultation with international organisations, where appropriate, including WTO Secretariat on WTO Integrated Tariff Database;
- c. study lessons from modalities for tariff reduction and elimination in regional arrangements; and
- d. encourage the accession of all economies to the WTO Information Technology Agreement, including the adoption of ITA provisions by non-members of the WTO.

2. NON-TARIFF MEASURES³

OBJECTIVE

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

- a. progressively reducing NTMs to the maximum extent possible to minimize possible distortion to trade;
- b. in respect to WTO members:
 - Elimination of any measures inconsistent with WTO agreements
 - Full compliance with WTO agreementsin accordance to WTO commitments; and
- c. ensuring the transparency of APEC economies' respective non-tariff measures

GUIDELINES

Each APEC economy will:

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

³ These non-tariff measures include but are not restricted to quantitative import/export restrictions/prohibitions, import/export levies, minimum import prices, discretionary import/export licensing, voluntary export restraints and export subsidies.

of markets are consistent with the objectives above.

COLLECTIVE ACTIONS

APEC economies will:

- a. pursue incorporation of information on non-tariff measures into a future version of the APEC tariff database and compile a list of measures recognized as non-tariff impediments and a list of products affected by these impediments;
- b. identify industries in which the progressive reduction of non-tariff measures may have positive impact on trade and on economic growth in the Asia-Pacific region or for which there is regional industry support for early liberalization;
- c. progressively reduce export subsidies with a view to abolishing them; and
- d. abolish unjustifiable export prohibitions and restrictions and endeavor to refrain from taking any such new measures;
- e. pursue a series of seminars/policy discussions on non-tariff measures (NTMs); and
- f. undertake research to develop best practices to enhance transparency and progressively reduce NTMs

3. SERVICES

OBJECTIVE

APEC economies, in accordance with the APEC Policy Framework for Work on Services, will achieve free and open trade and investment in the Asia-Pacific region by:

- a. progressively reducing restrictions on market access for trade in services;
- b. progressively providing for *inter-alia* most favored nation (MFN) treatment and national treatment for trade in services;
- c. providing, in regulated sectors, for the fair and transparent development, adoption and application of regulations and regulatory procedures for trade in services; and
- d. recognising the role that ecommerce plays in the supply and consumption of services.

GUIDELINES

Each APEC economy will:

- a. contribute positively and actively to the WTO negotiations on trade in services;
- b. expand commitments under the General Agreement on Trade in Services (GATS) on market access and national treatment and eliminate MFN exemptions where appropriate;
- c. undertake further actions, where appropriate, to implement the APEC Menu of Options for Voluntary Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment;
- d. make efforts to provide for the participation of concerned parties in regulations and regulatory processes, the fair and transparent application of regulations, and the prompt consideration of applications; and
- e. support APEC capacity building efforts to supply services by, *inter-alia*, strengthening infrastructure, promoting the use of advanced technologies and developing human resources.

COLLECTIVE ACTIONS

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

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

Collective Actions in other sectors.

TELECOMMUNICATIONS

In accordance with the Cancun Declaration, APEC economies will:

- a. work to bridge the digital divide at the domestic, regional and global levels, and to cooperate and collaborate with the business/private sector in this effort;
- b. foster discussion between business/private sector and governments on appropriate means to assess and reward the value of products and services exchanged in the provision of converged Internet services among APEC economies, consistent with the APEC Principles on International Charging Arrangements for Internet Services;
- c. foster the development of effective policies that support competitive markets in the domestic and international telecommunications and information industries;
- d. accelerate the pace of implementation of the Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment (MRA);
- e. work to ensure that policy and regulatory environments better foster the uptake of e-commerce;
- f. implement within voluntary time frames the APEC Interconnection Principles and consult on the need for further discussions on interconnection; and
- g. give attention to user requirements for open standards and systems to support interoperability

In addition, APEC economies are encouraged to conform, where appropriate, to:

1. The WTO Telecommunications Regulatory Principles Reference Paper;
2. The Information Technology Agreement (ITA); and
3. The Guidelines for Trade in International Value-Added Network Services (IVANS).

TRANSPORTATION

APEC economies will:

- a. respond to the Leaders 'Auckland Challenge' of 1999, by implementing the eight steps for more competitive air services on a voluntary basis and by identifying further steps to liberalize air services in accordance with the Bogor Goals, and provide annual progress reports to Leaders through SOM (*Note: some components of this project may fall under Part II Ecotech, subject to further developments*);
- b. develop by 2005 an efficient, safe and competitive operating environment for maritime transport, including ports, in the region through improved transparency of maritime and port policies (*Note: some components of this project may fall under Part II Ecotech, subject to further developments*);
- c. complete the Road Transport Harmonization Project and encourage the development of mutual recognition arrangements for certification of automotive product and harmonization of economies' vehicle regulations through cooperation within United Nations Economic Commission for Europe; and
- d. seek to eliminate the requirement for paper documents (both regulatory and institutional) for the key messages relevant to international transport and trade as soon as practicable by 2005.

ENERGY

APEC Economies, by developing and building on the 14 non-binding policy principles endorsed by APEC Energy Ministers at their Sydney meeting in 1996 which are consistent with the vision, objectives and strategic themes of the recently endorsed Future Directions Strategic Plan that will guide their work over the next five years:

- a. will facilitate trade and investment in the energy sector by:
 - (i) responding to the outcomes of a current study on "Strengthening the Operational Aspects of APEC Energy Micro-Economic Reform" that will, *inter-alia*, inform on barriers to investment in the energy sector and how to remove the barriers.
 - (ii) analysing the broad economic impacts of micro-economic reform policies to deregulate energy markets.
 - (iii) responding as appropriate to the identification of the barriers (policy, technical, regulatory and legal) to the interconnection of power grids in APEC member

- economies.
- (iv) actively pursuing the Implementation Strategy and considering the use of Implementation Facilitation Assistance Teams (IFAT) to assist in further reform of the energy markets.
 - (v) strengthening policy dialogue among member economies on important issues affecting energy markets.
 - (vi) supporting the APEC 21st Century Renewable Energy Development Initiative which seeks to advance the use of renewable energy for sustainable economic development and growth in member economies.
 - (vii) encouraging in the longer term a greater strategic input from business through the Energy Working Group Business Network (EBN).
- b. will seek to reduce barriers to trade created by differing energy performance test methods and energy performance requirements by supporting the establishment of an APEC Energy Efficiency Test Procedures Coordinator.
 - c. will strengthen energy security in the region by developing and implementing an energy security initiative with the aim of improving the functioning of energy markets; energy efficiency and conservation; diversification of energy resources; renewable energy development and deployment; and enhance short term preparedness such as oil stocks and surge production of oil; and explore the potential for alternative transport fuels.

TOURISM

APEC economies will:

- a. Remove impediments to tourism business and investment by:
 - (i) promoting and facilitating the mobility of skills, training and labor;
 - (ii) promoting and facilitating productive investment in tourism and associated sectors;
 - (iii) removing regulatory impediments to tourism business and investment; and
 - (iv) encouraging liberalization of services trade related to tourism under General Agreement on Trade in Services (GATS)
- b. Increase mobility of visitors and demand for tourism goods and services in the APEC region by:
 - (i) facilitating seamless travel for visitors;
 - (ii) enhancing visitor experiences;
 - (iii) promoting inter- and intra-regional marketing opportunities and cooperation;
 - (iv) facilitating and promoting e-commerce for tourism business;
 - (v) enhancing safety and security of visitors; and
 - (vi) fostering a non-discriminatory approach to the provision of visitor facilities and services.
- c. Sustainably manage tourism outcomes and impacts by:
 - (i) demonstrate an appreciation and understanding of natural environment and seek to protect the environment
 - (ii) foster ecologically sustainable development opportunities across the tourism sector, particularly for small and medium sized enterprises, employment and providing for open and sustainable tourism markets
 - (iii) protect the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism
 - (iv) recognize, respect and preserve local and indigenous cultures together with our natural and national cultural heritage
 - (v) enhance capability building in the management and development of tourism.
- d. Enhance recognition and understanding of tourism as a vehicle for economic and social development by:
 - (i) Harmonizing methodologies for key tourism statistical collections, consistent with activities of other international tourism organizations
 - (ii) facilitating the exchange of information on tourism between economies
 - (iii) promoting comprehensive analysis of the role of tourism in member economies

- in promoting sustainable growth
- (iv) expanding our collective knowledge base on tourism issues in order to identify emerging issues and assist in the implementation of the Seoul Declaration on an APEC Tourism Charter.

4. INVESTMENT

OBJECTIVE

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

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

GUIDELINES

Each APEC economy will:

- a. progressively reduce or eliminate exceptions and restrictions to achieve the above objective, using as an initial framework the WTO Agreement, the APEC Non-Binding Investment Principles, any other international agreements relevant to that economy, and any commonly agreed guidelines developed in APEC including the Menu of Options for Investment Liberalization and Business Facilitation;
- b. seek to expand APEC's network of bilateral and regional investment agreements and contribute to multilateral work on investment;
- c. facilitate investment flows within the Asia-Pacific region through promoting awareness of investment opportunities, enhancing market access conducive to investment, undertaking capacity building and technical cooperation activities, and implementing measures such as those in the Menu of Options; and
- d. examine ways to incorporate new investment forms and activities for the sound and sustainable economic growth and development of the Asia-Pacific region including investment forms and activities that support the new economy.

COLLECTIVE ACTIONS

APEC economies will:

1. Transparency
Short-term
 - a. Increase the transparency of APEC investment regimes by:
 - (i) Updating the APEC Guidebook on Investment Regimes;
 - (ii) Establishing software networks on investment regulation and investment opportunities;
 - (iii) Improving the state of statistical reporting and data collection; and
 - (iv) Increasing understanding among member economies on investment policy-making issues.
2. Policy Dialogue
Short-term
 - b. Promote dialogue with the APEC business community on ways to improve the APEC investment environment.
 - c. Continue a dialogue with appropriate international organizations dealing with global and regional investment issues.
3. Study and Evaluation
Short-term
 - d. Define and implement follow-on training to the WTO implementation seminars;
 - e. Undertake an evaluation of the role of investment liberalization in economic development in the Asia-Pacific region.
 - f. Study possible common elements between existing subregional arrangements

relevant to investment.

Medium-term

g. Refine APEC's understanding of free and open investment.

Long-term

h. Assess the merits of developing an APEC-wide discipline on investment in the light of APEC's own progress through the medium-term, as well as developments in other international fora.

i. Study the advantages and disadvantages of creating investment rules – bilateral, regional, or multilateral – with a view to fostering a more favorable investment environment in the Asia-Pacific region.

4. Facilitation

Short-term and continuing

j. Undertake practical facilitation initiatives by:

- (i) Progressively working towards reducing impediments to investments including those investments related to e-commerce;
- (ii) Undertaking the business facilitation measures to strengthen APEC economies; and
- (iii) Initiating investment promotion and facilitation activities to enhance investment flow within APEC economies.

5. Economic and Technical Cooperation

Short-term

k. Identify ongoing technical cooperation needs in the Asia-Pacific region and organize training programs which will assist APEC economies in fulfilling APEC investment objectives.

6. Capacity Building Initiatives

l. Undertake new activities that contribute to capacity building.

7. Menu of Options

m. Ongoing improvement of the Menu of Options.

5. STANDARDS⁵ AND CONFORMANCE OBJECTIVE

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

- a. align their domestic standards with international standards;
- b. endeavour to actively participate in international standardization activities;
- c. promote good regulatory practice for the preparation, adoption and application of technical regulations in the APEC region;
- d. achieve recognition of conformity assessment including mutual recognition arrangements in regulated and voluntary sectors;
- e. promote cooperation for technical infrastructure development to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors; and
- f. ensure the transparency of the standards and conformity assessment of APEC

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

economies.

GUIDELINES

Each APEC economy will:

- a. continue alignment of domestic standards with international standards in the priority areas which the SCSC will identify priority areas for alignment in the short to medium term in pursuing this goal;
- b. participate actively in the international standardization activities of international standardizing bodies and encourage relevant bodies in their economy to participate in the international standardizing bodies accordance with the rules and procedures of these organisations;
- c. consider to pursue trade facilitation in information technology products;
- d. participate⁶ in recognition arrangements⁷ of conformity assessment including mutual recognition arrangements in regulated sectors through: (i) the development of bilateral, multi-sectoral recognition arrangements, which might, at a later stage, provide the basis for plurilateral arrangements; and (ii) the development of plurilateral recognition arrangements in particular sectors;
- e. encourage relevant bodies in their economy to participate in work programs of the five Specialist Regional Bodies⁸ and to participate in recognition arrangements⁷ of conformity assessment including mutual recognition arrangements in the voluntary sectors;
- f. improve and maintain the level of their technical infrastructure to facilitate broad participation in recognition arrangements in both the regulated and voluntary sectors, with the SCSC supporting the development of technical infrastructure through economic and technical cooperation, where needed, to improve calibration and testing facilities and the training of personnel, in pursuing this goal;
- g. continuously strive to increase transparency of their standards and conformance requirements by means of facilitating the dissemination of such information through publications and electronic homepage and publicizing the availability of these means; and
- h. consider participation in:
 - (i) the Treaty of the Metre (La Convention Du Metre); and
 - (ii) the Treaty of OIML (La Convention Instituant Une Organisation Internationale De Metrologie Legale)in accordance with the rules and procedures of these treaties

COLLECTIVE ACTIONS

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

ALIGNMENT WITH INTERNATIONAL STANDARDS AND ACTIVE PARTICIPATION IN INTERNATIONAL STANDARDIZATION

APEC economies will:

- a. continue identifying additional priority areas for alignment with international standards;
- b. continue to report on the progress in their alignment plans every year;
- c. conduct a comprehensive review of their alignment work in 2005; and

⁶ It is recognised that not all member economies have the pre-requisite technical infrastructure to enable them to fully participate in mutual recognition arrangements. Cooperation among APEC economies to strengthen member economies' technical infrastructure is therefore necessary (see Guideline (e)).

⁷ The term "mutual recognition arrangements" does not necessarily mean an instrument or instruments which creates or create legally-binding international obligations.

⁸ Asia Pacific Laboratory Accreditation Cooperation (APLAC)

Asia Pacific Legal Metrology Forum (APLMF)

Asia Pacific Metrology Program (APMP)

Pacific Accreditation Cooperation (PAC)

Pacific Area Standards Congress (PASC)

- d. continue to promote active participation in international standardization activities.

GOOD REGULATORY PRACTICE

APEC economies will:

continue to update the consolidation of materials in the Good Regulatory Practice Database as well as to investigate means of enhancing regulatory practice in the APEC region through a program of case studies and seminars with a particular focus on performance-based regulations and sector-specific good practices.

RECOGNITION OF CONFORMITY ASSESSMENT

APEC economies will, in cooperation with relevant Specialist Regional Bodies, where appropriate:

- a. review the implementation and use of mutual recognition arrangements;
- b. continue to consider mechanisms to facilitate the recognition of conformity assessment results;
- c. review and improve the effectiveness of the APEC Mutual Recognition Arrangement on Conformity Assessment of Foods and Food Products, the Arrangement for the Exchange of Information on Toy Safety, the APEC Arrangement for the Exchange of Information on Food Recalls, and the APEC Mutual Recognition Arrangement on Conformity Assessment of Electrical and Electronic Equipment by, among others, looking into the possibility to adopt an information technology management system;
- d. implement the work program on trade facilitation in information technology products, by 2005 in the case of industrialized economies and by 2008 in the case of developing economies; and
- e. encourage establishment of and participation in a network of mutual recognition arrangements in the voluntary sector by 2005.

COOPERATION ON TECHNICAL INFRASTRUCTURE DEVELOPMENT

APEC economies will:

- a. undertake projects for the implementation of the Mid-Term Technical Infrastructure Development Program; and
- b. conduct a comprehensive review on implementation of the above program after 2005.

TRANSPARENCY

APEC economies will:

- a. update the APEC Contact Points for Standards and Conformance Information, which have been uploaded to the APEC Homepage;
- b. develop and keep current the database on conformity assessment operators and their activities/service offered and establish an APEC Cooperation Center for Conformity Assessment; and
- c. Promote the transparency of regulatory systems and standards by maintaining appropriate and accessible information date basis, including Directory of Food Trade Contacts in the Directory of Food Trade Contacts.

OTHER ACTIVITIES

APEC economies will:

- a. pursue closer cooperation with the Specialist Regional Bodies in line with a Statement of Commitment to Mutually Agreed Objectives;
- b. monitor the developments within the WTO Committees on the Technical Barriers to Trade and Sanitary and Phyto-Sanitary Measures, as well as undertake projects for the implementation of the APEC Strategic Plan on WTO-Related Capacity Building;
- c. pursue better coordination with other APEC fora; and
- d. implement the reform of the SCSC through the rationalization of its agenda, priority setting exercise and better coordination with other groups.

6. CUSTOMS PROCEDURES

OBJECTIVE

APEC economies will facilitate trade in the Asia-Pacific region by:

- a. simplifying and harmonizing customs procedures;
- b. encouraging the use of technologies and ecommerce as productivity tools in keeping with developments of the new economy; and
- c. enhancing cross-border co-operation in the movement of goods and services to counter terrorism.

GUIDELINES

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

- a. along the lines of the Strategic Direction of the Action Program of the Sub-Committee on Customs Procedures by
 - taking fully into consideration the Guiding Principles (FACTS: Facilitation, Accountability, Consistency, Transparency, Simplification) of the above Action Program;
 - recognizing APEC Principles on Trade Facilitation; and
 - making use of information and communication technologies (ICT) as tools to improve productivity; and
- b. along the lines of the Leader's Statement on Counter Terrorism.

COLLECTIVE ACTIONS

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

HARMONISATION OF TARIFF NOMENCLATURE

APEC economies will harmonize tariff nomenclature by adopting or abiding by the principles of the International Convention on the Harmonized Commodity Description and Coding System (HS Convention) 2002 Version by 2002.

PUBLIC AVAILABILITY OF INFORMATION

APEC economies will continue making available to the public information on administrative guidelines, procedures and rulings in addition to customs laws and regulations through the media, publication, website, etc.

SIMPLIFICATION AND HARMONIZATION ON THE BASIS OF THE REVISED KYOTO CONVENTION

APEC economies will simplify and harmonize customs procedures by adopting or abiding by the principles of the International Convention on the Simplification and Harmonization of Customs Procedures which was revised by World Customs Organization (WCO) in 1999 (Revised Kyoto Convention).

COMPUTERIZATION THROUGH UN/EDIFACT AND PAPERLESS TRADING

APEC economies will enhance computerization of customs procedures by adopting and supporting the UN/EDIFACT standard and endeavor to reduce or eliminate the requirement for paper documents needed for customs to realize paperless trading.

ALIGNMENT WITH WTO AGREEMENTS

APEC economies will:

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

APPEAL PROVISION

APEC economies will introduce and improve clear appeal provisions.

ADVANCE RULING SYSTEMS

APEC economies will introduce and improve advance tariff classification ruling systems.

TEMPORARY IMPORTATION

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

RISK MANAGEMENT APPROACH

APEC economies will introduce a risk management approach to allow customs administrations to facilitate legitimate trade and travel while maintaining high-level border control by 2002.

INFORMATION AND COMMUNICATION TECHNOLOGY

APEC economies will apply information and communication technology including Internet for customs clearance, and where possible, provide one stop shop service for cargo clearance procedures.

COMMON DATA ELEMENTS

APEC economies will explore the feasibility of harmonizing among APEC economies common data elements based on international standards under the auspices of the WCO for customs processing of cargo to facilitate international trade.

EXPRESS CONSIGNMENTS

APEC economies will implement principles contained in the WCO Immediate Release Guidelines, the international standard procedures for clearance of express goods, working in partnership with express industry associations.

INTEGRITY

APEC economies will implement programs to raise the level of integrity of customs systems.

CUSTOMS-BUSINESS PARTNERSHIP

APEC economies will enable the cooperation and communication between Customs and the business sector through the establishment of permanent and regular liaison/consultation channels and the development of Customs-Business partnership by signing Memoranda of understanding or other instruments of cooperative arrangement with relevant players/parties in the business sector.

COMMON FIELD SURVEYS

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

IMPLEMENTATION, TECHNICAL COOPERATION AND HUMAN RESOURCES DEVELOPMENT

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

PROMOTION OF DIALOGUE WITH THE BUSINESS/PRIVATE SECTOR

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

improving customs-related trade practices.

COUNTER-TERRORISM

APEC economies will develop a proposal to promote counter-terrorism cooperation in support of the APEC Leaders' Statement through various means such as the promotion of Customs Mutual Assistance Agreements and the use of existing customs networks.

7. INTELLECTUAL PROPERTY RIGHTS

OBJECTIVE

APEC economies will:

- a. in conformance with the principles of the TRIPS Agreement:
 - ensure adequate and effective protection, including legislation, administration and enforcement of intellectual property rights,
 - foster harmonization of intellectual property rights systems in the APEC region,
 - strengthen public awareness activities and
 - promote dialogue on emerging intellectual property policy issues, with a view to further improve intellectual property rights protection and use of the intellectual property rights systems for the social and economic benefit of members.

- b. address the challenges for intellectual property rights arising from the rapid growth and developments of the New Economy by:
 - establishing legal frameworks to promote creative endeavor and encourage on-line activity;
 - ensuring a balance between the different rights and interests of copyright owners, users and distributors;
 - establishing an appropriate balance among all stakeholders, including content providers and ISPs in terms of the liabilities for infringing intellectual property on-line; and
 - providing incentives for innovation without sacrificing the community's interest in reasonable access to information.

GUIDELINES

Each APEC economy will:

- a. ensure that intellectual property rights are granted through expeditious, simple, and cost-effective procedures;
- b. ensure that adequate and effective civil and administrative procedures and remedies are available against infringement of intellectual property rights; and
- c. provide and expand bilateral technical cooperation in relation to areas such as patent search and examination, computerization and human resources development in order to ensure adequate intellectual property right protection in compliance with the TRIPS Agreement.

COLLECTIVE ACTIONS

APEC economies will take the following collective actions:

- a. Deepening the Dialogue on Intellectual Property Policy;
- b. Support for Easy and Prompt Acquisition of Rights:
 - (i) Participation in International IP-related Systems
 - (ii) Establishing Internationally Harmonized IPR Systems
 - (iii) Cooperation on Searches and Examinations;
- c. Electronic Processing of IPR-related Procedures:
 - (i) Electronic Filing Systems
 - (ii) Dissemination of Information by Electronic Means;
- d. Appropriate Protection of IPR in New Fields:
 - (i) Protection for Biotechnology and Computer-related Inventions
 - (ii) Protection for Geographical Indications
 - (iii) Electronic commerce;

- e. Cooperation for Improvements to the Operation of IP System;
- f. Establishing Effective Systems for IPR Enforcement:
 - (i) Establishment of Enforcement Guidelines
 - (ii) Exchange of Information Concerning IPR Infringement
 - (iii) Cooperation with other fora/authorities
- g. Promoting IP Asset Management in APEC Economies;
- h. Raising Public Awareness;
- i. Facilitation of Technology Transfer through Ensuring IP Protection.

8. COMPETITION POLICY

OBJECTIVE

APEC economies will enhance the competitive environment to increase consumer welfare in the Asia-Pacific region, taking into account the benefits and challenges of globalization, developments in the New Economy and the need to bridge the digital divide through better access to ICT, by:

- a. introducing or maintaining effective, adequate and transparent competition policy and/or laws and associated enforcement policies;
- b. promoting cooperation among APEC economies, thereby maximizing inter-alia, the efficient operation of markets, competition among producers and traders and consumer benefits.
- c. improving the ability of competition authorities, through enhanced capacity building and technical assistance, to better understand the impact of globalization and the New Economy.

GUIDELINES

Each APEC economy will:

- a. review its respective competition policy and/or laws and the enforcement thereof taking into account the "APEC Principles to Enhance Competition and Regulatory Reform";
- b. enforce competition policies and/or laws, (including those prohibiting anticompetitive practices that prevent access to ICT and other new technologies), to ensure protection of the competitive process and promotion of consumer welfare, innovation, economic efficiency and open markets;
- c. disclose any pro-competitive efforts undertaken (e.g. enactment of competition laws, whether comprehensive or sectoral);
- d. implement as appropriate technical assistance in regard to policy development, legislative drafting, and the constitution, powers and functions of appropriate enforcement agencies;
- e. establish appropriate cooperation arrangements with other APEC economies, including those intended to address the digital divide; and
- f. undertake additional steps as appropriate to support the development of the New Economy and to ensure the efficient functioning of markets.

COLLECTIVE ACTIONS

APEC economies will:

- a. gather information and promote dialogue on and study:
 - (i) the objectives, necessity, role and operation of each APEC economy's competition policy and/or laws and administrative procedures, thereby establishing a database on competition policy;
 - (ii) competition policy issues that impact on trade and investment flows in the Asia-Pacific region;
 - (iii) exemptions and exceptions from the coverage of each APEC economy's competition policy and/or laws in an effort to ensure that each is no broader than necessary to achieve a legitimate and explicitly identified objective;
 - (iv) areas for technical assistance and the modalities thereof, including exchange and training programs for officials in charge of competition policy, taking into account the availability of resources; and
 - (v) the inter-relationship between competition policy and/or laws and other policies

- related to trade and investment;
- b. deepen competition policy dialogue between APEC economies and relevant international organizations;
- c. continue to develop understanding in the APEC business community of competition policy and/or laws and administrative procedures;
- d. continue to develop an understanding of competition policies and/or laws within their respective governments and within relevant domestic constituencies, thereby fostering a culture of competition;
- e. encourage cooperation among the competition authorities of APEC economies with regard to information exchange, notification and consultation;
- f. contribute to the use of trade and competition laws, policies and measures that promote free and open trade, investment and competition;
- g. encourage all APEC economies to implement the "APEC Principles to Enhance Competition and Regulatory Reform"; and
- h. undertake capacity building programs to assist economies in implementing the "APEC Principles to Enhance Competition and Regulatory Reform".

9. GOVERNMENT PROCUREMENT

OBJECTIVE

APEC economies will:

- a. develop a common understanding on government procurement policies and systems, as well as on each APEC economy's government procurement practices; and
- b. achieve liberalization of government procurement markets throughout the Asia-Pacific region in accordance with the principles and objectives of the Bogor Declaration, contributing in the process to the evolution of work on government procurement in other multilateral fora; and
- c. increase the use of electronic means to conduct government procurement and in so doing seek to promote the uptake of ecommerce more broadly.

GUIDELINES

Each APEC economy will:

- a. enhance the transparency of its government procurement regimes and its government procurement information;
- b. establish, where possible, a government procurement information database and provide the information through a common entry point; and
- c. review on a voluntary basis and take appropriate steps to improve the consistency of its government procurement regime with the APEC Non-binding Principles on Government Procurement (transparency, value for money, open and effective competition, fair dealing, accountability and due process, and non-discrimination); and
- d. provide for and promote government procurement through electronic means wherever possible.

COLLECTIVE ACTIONS

APEC economies will:

- a. utilize questionnaire surveys to exchange information on existing government procurement regimes and on publication of government procurement information in APEC economies;
- b. maintain contact points to facilitate on-going exchange of the above information;
- c. hold workshops, seminars and training courses on government procurement procedures, laws, regulations, regional and plurilateral agreements, and the impact of technological development on government procurement;
- d. encourage establishment of an APEC government procurement information database, including information on procurement opportunities and the provision of a common entry point (such as World Wide Web (WWW) Home Page on the Internet) for

- participation by members on a voluntary basis; and
- e. continue to report voluntarily on the consistency of their procurement regimes with the APEC Non-binding Principles on Government Procurement and on the improvements to their regimes.

10. DEREGULATION/REGULATORY REVIEW AND REFORM

OBJECTIVE

APEC economies will facilitate free and open trade and investment in the Asia-Pacific Region by, *inter alia*:

- a. enhancing the transparency of regulatory regimes (including through the use of new technologies);
- b. eliminating domestic regulations that may distort or restrict trade, investment or competition and are not necessary to achieve a legitimate objective; and
- c. speeding up reforms which encourage efficient and well functioning product, labour and capital markets and supportive of institutional frameworks.

GUIDELINES

Each APEC economy will:

- a. explore economy wide processes for the transparent and accountable identification and review of domestic regulations that may distort or restrict trade, investment or competition;
- b. consider the adoption of regulatory reform to reduce those distortions and their resulting costs, whilst maintaining the achievement of legitimate objectives; and
- c. promote the consideration of competition policy in regulatory reform.

COLLECTIVE ACTIONS

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

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

11. IMPLEMENTATION OF WTO OBLIGATIONS (inc RULES OF ORIGIN)

OBJECTIVE

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

On Rules of Origin, APEC economies will:

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

GUIDELINES

On WTO Agreements:

- a. Each APEC economy which is a WTO member will fully and faithfully implement its respective Uruguay Round commitments.

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

On Rules of Origin:

Each APEC economy will:

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

COLLECTIVE ACTIONS

APEC economies will:

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

On Rules of Origin

APEC economies will:

- a. gather information on APEC economies' respective rules of origin, both non-preferential and preferential, and operation thereof without duplicating WTO work in this area, exchange views and develop a compendium of rules of origin for the use of the business/private sector;
- b. facilitate, complement and accelerate, in the short term, WTO/WCO work on harmonization of non-preferential rules of origin; and
- c. study in due course the implication of rules of origin on the free flow of trade and investment, with a view to identifying, in the longer term, both positive and negative aspects and effects of rules of origin related practices.

12. DISPUTE MEDIATION

OBJECTIVE

APEC economies will:

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

GUIDELINES

Each APEC economy will:

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

COLLECTIVE ACTIONS

APEC economies will:

- a. with respect to resolution of disputes between APEC economies;
 - (i) promote dialogue and increased understanding, including exchange of views on any matter that may lead to a dispute, and cooperatively examine on a voluntary basis disputes that arise, utilizing policy dialogue such as the "Trade Policy Dialogue" of the CTI;
 - (ii) give further consideration as to how the above Trade Policy Dialogue or similar functions of other fora may be used by APEC economies for the exchange of information, enhanced dialogue and mediation; and
 - (iii) examine the possible future evolution of procedures for the resolution of disputes as the APEC liberalization and facilitation process develops;
- b. with respect to resolution of disputes between private parties, and between private parties and APEC economies;
 - (i) provide CTI with a listing of arbitration, mediation, and conciliation services available to private entities of other APEC economies, including a description of any such service which might provide a useful model for private-to-government dispute resolution in the Asia-Pacific region, and make such information widely available to the business/private sector in the Asia-Pacific region;
 - (ii) provide CTI with comments regarding experiences with the above services;
 - (iii) accede where appropriate to international agreements for the settlement of disputes between governments and private entities such as the Convention on the Settlement of Investment Disputes between States and Nationals of Other States; and
 - (iv) accede where appropriate to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention);
- c. with respect to transparency;

promote transparency on an APEC-wide basis, through, for example, publication of a guide book on arbitration, mediation, and conciliation services available in each APEC economy; and
- d. with respect to the above collective actions, continue to report to CTI on progress, with recommendations.

13. MOBILITY OF BUSINESS PEOPLE**OBJECTIVE**

APEC economies will:

- a. enhance the mobility of business people who are engaged in the conduct of trade and investment activities in the Asia-Pacific region; and
- b. enhance the use of information and communications technology (ICT) to facilitate the movement of people across borders, taking into account the Leaders' Statement on Counter Terrorism.

GUIDELINES

Each APEC economy work toward achieving the above objectives:

- a. abiding by directions and statements from APEC Leaders and Ministers;
- b. recognising APEC Principles on Trade Facilitation; and

- c. consistent with the Informal Experts Group on Business Mobility's (IEGBM) capacity building standards and annually agreed goals.

COLLECTIVE ACTIONS

APEC economies will:

Exchange Information

Exchange information on regulatory regimes in regard to the mobility of business people in the region, including through regularly updating the information in the online APEC Business Travel Handbook

Short-Term Business Entry

Streamline short-term entry requirements for business people. APEC economies will strive on a best endeavour basis and according to their own immigration procedures to implement one or more of the following options:

- i) visa free or visa waiver arrangements;
- ii) participating in the APEC Business Travel Card scheme;
- iii) multiple short-term entry and stay visas which are valid for at least 3 year multiple entry visas.

Business Temporary Residency

Implement streamlined temporary residence processing arrangements for the intra-company transfer of senior managers and executives, and specialists as defined by individual economies.

Capacity Building (Technical Cooperation and Training)

Develop and implement the mutually agreed standards and benchmarks essential to capacity building and engage in the capacity building initiatives necessary to provide streamlined visa application and immigration entry, stay and departure processing arrangements.

Dialogue with Business

Continue to maintain a dialogue with the APEC Business Mobility Group and the APEC business community (including with APEC fora) on mobility issues important to the APEC region and the APEC business community.

14. INFORMATION GATHERING AND ANALYSIS (GROUNDWORK)

OBJECTIVE

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

COLLECTIVE ACTIONS

APEC economies will:

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

15. STRENGTHENING ECONOMIC LEGAL INFRASTRUCTURE

OBJECTIVE

APEC economies will enhance well-functioning economy within the global marketplace in the Asia-Pacific region by:

- a. ensuring a fair, transparent and consistent application of the rule of law in the commercial and corporate domain
- b. strengthening economic legal infrastructure in order to minimize the risk of future economic crises and building business and investor confidence

GUIDELINES

In accordance with the provisions of the Cooperation Framework for Strengthening Economic Legal Infrastructure, each APEC economy will:

- a. consider strengthening legislation and regulations or institutions and administrative procedures with a view to promoting the fair, transparent and consistent application of the rule of law
- b. update relevant professional capabilities and ensure an effective and ethical legal profession
- c. feed back information on individual economies' efforts to APEC fora as a reference; and
- d. establish and maintain a dialogue on strengthening economic legal infrastructure with the business community

COLLECTIVE ACTIONS

APEC economies will:

- a. hold seminars to discuss individual economies' legal designs, if necessary
- b. provide assistance if requested, when designing legal institution and developing human resources for the implementation of legal system
- c. work in closer cooperation with international institutions, Finance Ministers Process and APEC fora, in particular CPDG (Competition Policy and Deregulation Group)

PART TWO: ECONOMIC AND TECHNICAL COOPERATION

SECTION A: ESSENTIAL ELEMENTS

APEC economies will pursue economic and technical co-operation in order to attain sustainable growth and equitable development in the Asia-Pacific region, while reducing economic disparities among APEC economies and improving economic and social well being. Such efforts will also facilitate the growth of trade and investment in the region⁹.

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

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

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

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

I COMMON POLICY CONCEPTS

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

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

II JOINT ACTIVITIES

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

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

⁹ Economic and technical cooperation which directly supports trade and investment liberalization and facilitation is mainly dealt with in Part One.

III POLICY DIALOGUE

APEC economies will hold Policy Dialogue on economic issues.

- a. Dialogue on Common Policy Concepts and Joint Activities will serve to:
 - develop and review Common Policy Concepts;
 - evaluate the effect of Joint Activities;
 - develop further Joint Activities; and
 - identify the best way to implement cooperation in the light of differences in policies among APEC economies.

- a. Dialogue on each APEC economy's policies/activities will allow APEC economies to:
 - share expertise and experience; and
 - consult and exchange views on their policies/activities in the light of Common Policy Concepts.

SECTION B: ECONOMIC AND TECHNICAL COOPERATION IN SPECIFIC AREAS

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

1. AGRICULTURAL TECHNICAL COOPERATION

COMMON POLICY CONCEPTS

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

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

JOINT ACTIVITIES

APEC economies will, *inter-alia*:

- a. promote activities on conservation and utilization of plant and animal genetic resources by, for instance, developing individual genetic resources databases by 2003;
- b. promote research, development and extension of agricultural biotechnology by, for instance, following up on activities carried out with respect to communications by 2004;
- c. strengthen regional cooperation in production, processing, marketing, distribution and consumption of agricultural products by, for instance, developing cooperative work plans for development of supermarket/cold-chains and related distribution systems by 2003;
- d. strengthen regional cooperation in plant and animal quarantine and pest management by, for instance, conducting a survey of the availability of specific technical expertise by 2003;
- e. strengthen regional cooperation in the development of agricultural finance systems by, for instance, updating information on agricultural finance systems by 2003;
- f. promote agricultural technology transfer and training by, for instance, identifying key information on agricultural technology transfer and training by 2002; and
- g. strengthen regional cooperation in sustainable agriculture and related environmental issues by, for instance, establishing the directory of experts, institutions and centers of research

for sustainable agriculture by 2002.

2. ENERGY

COMMON POLICY CONCEPTS

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

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

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. deliver the Implementation Strategy agreed by Energy Ministers in San Diego, USA, in May 2000. The strategy features a program of implementation facilitation visits to member economies as requested on a voluntary basis and a system of self-reporting on progress on implementation of agreed energy initiatives to Leaders;
- b. progress cooperation with the Energy Working Group Business Network (EBN), Energy Regulators' Forum (ERF) and Asia Pacific Energy Research Centre (APEREC) including the consolidation of the APEC energy database and regular dissemination of energy data;
- c. improve environmental performance through expanded programs in the fields of clean fossil energy, new and renewable energy technology and end-use energy efficiency and conservation measures;
- d. develop and implement an energy security initiative which aims to improve the functioning of energy markets through energy efficiency and conservation; diversification of energy resources; renewable energy development and deployment; and exploration of potential for alternative transport fuels, to alleviate pressure on the oil market, including the role that stocks could play as an option to respond to oil market disruptions;
- e. undertake mutual examination of energy policies in line with common policy concepts including strengthening policy dialogue among members on important issues such as energy security, energy infrastructure, energy efficiency, and energy and the environment;
- f. develop, implement and report on voluntary pledge and review energy efficiency programs for improving industrial competitiveness, reducing the environmental impacts of energy production, delivery and use, and producing energy savings;
- g. develop and implement cooperation initiatives that provide benefits to all citizens, give a human face to development, and provide new options for the clean development and use of energy;
- h. sustain the momentum for energy market reform, and contribute to energy security, including to mitigate damages to energy infrastructure after natural disasters;
- i. implement the 21st century renewable energy development initiative to advance cooperation in the development and deployment of new and renewable energy technology, especially in developing economies;
- j. implement the general policy framework for cooperation on energy standards, including support for inclusion of energy efficiency with the mutual recognition agreements being

- developed in the APEC region, and establish an APEC energy efficiency test procedures coordinator to facilitate implementation of a product-by product approach to greater alignment of energy performance test procedures; and
- k. implement the *Framework for the Integration of Women in APEC*.

3. FISHERIES

COMMON POLICY CONCEPTS

The Fisheries sector, like other renewable resource sectors, has a limited production base. APEC economies will seek to maximize the economic benefits to be gained from fisheries resources by promoting their long-term optimum sustainable utilization. Accordingly, APEC economies will set priority on the following:

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter alia*:

- a. facilitate implementation of global sustainable fisheries initiatives in the APEC region;
- b. assist APEC economies in the development of modern cooperative fishery management approaches, patterned on the successful workshop hosted by Japan in 1999;
- c. reduce destructive fishing practices, particularly those that affect coral reefs;
- d. carry on the FWG's important work in sustainable aquaculture; and
- e. support APEC Leaders' trade, SME, IT and gender initiatives.

4. HUMAN RESOURCES DEVELOPMENT

COMMON POLICY CONCEPTS

The people of the Asia-Pacific region are its most important asset. The human resources needs of the region are both expanding and diversifying in tandem with its growth and dynamism. In responding to the human resources challenges in the region, APEC has defined three overarching themes underlying work in the HRD Working Group:

- Education;
- Labor and Social Protection; and
- Capacity Building.

Uniting these themes are eight priority action areas:

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

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

JOINT ACTIVITIES / DIALOGUE

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

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

and, in addition to this program, will:

- g. conduct regular dialogue on the HRD policies and HRD situation of each APEC economy, establishing performance indicators such as adult literacy levels and levels of enrollment in elementary and secondary education as a basis for conferral; and
- h. support the development of useful labor market information and policy, improved workplace conditions and practices, and strong social safety nets, in support of human capacity building and social integration.

In pursuing this program, due attention will be given to optimise integration of gender and youth into APEC activities. In responding to the *Beijing Initiative* which calls for involvement of the stakeholders in human capacity building efforts, APEC economies will explore mutually beneficial cooperation between the government, business/private and education/training sectors.

5. INDUSTRIAL SCIENCE AND TECHNOLOGY

COMMON POLICY CONCEPTS

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

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. strengthen APEC cooperation in key technologies through collaborative R&D initiatives, technology road mapping, technology foresight, improvements in the transparency of regulatory frameworks, and other joint activities. Key technologies would include advanced materials, nanotechnologies, industrial biotechnology, environmental technologies, information and communication technologies;
- b. connect research and innovation in APEC economies through strengthening collaboration between government, industry (especially SMEs) and the research community; technology diffusion initiatives especially the transition of emerging technologies to new industries; and enhancing information flows on science and technology among member economies, including through ASTWeb;
- c. build human capacity for S&T for the New Economy through S&T awareness in secondary schools; training/skills development initiatives in critical areas of industrial S&T, environment, and health; researcher exchanges/cooperation; fostering partnerships between educational institutions and industry; and adoption of distance learning technologies;
- d. help ensure the prevention and control of infectious diseases through implementation of the APEC Strategy for the prevention and control of infectious diseases of particular significance to the region through the sharing of priority health information, joint educational and training activities, sharing across strategic human and technical resources, and other relevant cooperative actions;
- e. meet environmental challenges through science, technology and innovation within a framework of sustainable industrial development. Initiatives will include implementation of the recommendations of the APEC Cleaner Production Task Force, promoting environmental sustainability, natural disaster mitigation, and addressing climate change, resource productivity and conservation of biodiversity (except for conservation of plant and animal genetic resources in agriculture mentioned in the section 1). Appropriate waste management approaches, particularly for SMEs, will continue to be a priority with an emphasis on improving water quality and urban air quality; and
- f. undertake dialogue on Industrial Science and Technology policies across APEC economies related to S&T policy, technology development and diffusion, networking and collaboration, gender and the scientific underpinnings of regulations and standards.

6. INFRASTRUCTURE

COMMON POLICY CONCEPTS

The pace of economic growth in the Asia-Pacific region depends on the improvement of economic infrastructure. APEC economies will seek to accelerate infrastructure improvement together with the support and enhancements it provides to wider economic, environmental and community development initiatives, facilitating investment in infrastructure and encouraging business/private sector involvement.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. conduct analytical work on issues relating to the overall infrastructure environment;
- b. explore ways to enhance the effectiveness of infrastructure improvement, such as:

- compiling best practices for use as benchmarks in the examination of the respective roles of the public and business/private sectors,
 - developing guidelines on infrastructure policy, regulation and investment to ensure a more transparent and coherent environment for the business/private sector; and strengthening of infrastructure services' support to regional and urban sustainable economic development, APEC Food System enhancements, environmental management;
- c. catalyze and support economic infrastructure and related cooperation networks and links to other fora such as to:
- promote the exchange and application of best practices,
 - focus capacity development and training in infrastructure and development planning,
 - encourage the integration and local application of other APEC supported initiatives, such as under the APEC Food System, sectoral infrastructure measures, and the addressing of gender and sustainable development concerns; and
- d. conduct public-private sector dialogue to support the identification, prioritizing, and implementation of these and economic infrastructure cooperation initiatives.

7. MARINE RESOURCE CONSERVATION

COMMON POLICY CONCEPTS

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

- a. addressing integrated ocean and coastal zone management;
- b. enhancing coordination in the implementation of UNCED Agenda 21 (Oceans Chapter and other related chapters) recommendations in the APEC Region;
- c. reviewing and resolving marine algal toxin issues.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

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

8. SMALL AND MEDIUM ENTERPRISES

COMMON POLICY CONCEPTS

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

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. *convene training programs, seminars and workshops, including the APEC SME and New Business Support Workshops;*
- b. undertake industrial studies, such as 'Industrial Outlook Study', consisting of comprehensive/sectoral studies on intra-regional industrial interdependence taking into consideration gender considerations, to enable SME policy makers and SMEs to come to a better understanding of the economic environment;
- c. survey each economy's SME policies and reporting by economies, on a voluntary basis, their respective policies/best practices on SME development and their differential impacts on women and men, in order to enhance mutual understanding of APEC economies' policy practices, using the agreed criteria and ideas of best practices;
- d. further develop and implement the program of activities for the APEC Centre for Technology Exchange and Training for SMEs as a resource centre for handling information networking, developing equal training opportunities for women and men and organising SME-targeted activities.
- e. survey the financial markets for SMEs and establish an APEC database to disseminate and exchange information on start-up companies and venture capital, improve the financing environment of SMEs particularly those owned by women and consult the reports of the finance minister process; and
- f. maintain and update the '*Guide for Small and Medium Enterprises in the APEC Region*' – a *Directory of Economies*' agencies who are in charge of providing support for SMEs.

9. TELECOMMUNICATIONS AND INFORMATION

COMMON POLICY CONCEPTS

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

- a. encouraging APEC economies in the construction of domestic telecommunications and information infrastructure based on their own reality;
- b. promoting a competition driven environment;
- c. encouraging business/private sector investment and participation;
- d. creating a flexible policy and regulatory framework;
- e. intensifying cooperation among APEC economies;

- f. narrowing the infrastructure gap between the developed and the industrializing economies;
- g. ensuring open and non-discriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations;
- h. ensuring universal provision of and access to public telecommunications services;
- i. promoting diversity of content, including cultural and linguistic diversity; and
- j. ensuring the protection of intellectual property rights, privacy and data security.

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. conform, where appropriate, to the Guidelines on Trade in International Value-Added Network Services (IVANS) and generally conform, where appropriate, to the Guidelines on the regional Harmonization of Equipment Certification Procedures;
- b. continue to work to harmonize administrative procedures governing certification of customer telecommunications equipment;
- c. accelerate the pace of implementation of the Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment (MRA);
- d. share information on the state of the telecommunications regulatory environment and infrastructure development in each APEC economy in order to improve business/private sector access to related policies, regulations and other information;
- e. enhance cooperation and encourage capacity building on information security and network security;
- f. promote electronic commerce through seminars, studies on electronic data interchange application development, and experiments on the interoperability and suitability for electronic commerce of various networks;
- g. increase cooperation in infrastructure activities between APEC and other international institutions and fora;
- h. encourage the testing and dissemination of new technologies to achieve the Asia-Pacific Information Infrastructure (APII).
- i. promote human resources development by means such as holding training courses on privatization and competition in telecommunications and information industries, and working towards a distance learning pilot project for experts in this area;
- j. work to encourage universal access to internet services, to bridge the digital divide at the domestic, regional and global levels and to cooperate and collaborate with the business/private sector in this effort.
- k. foster discussion between business/private sector and governments on appropriate means to assess and reward the value of products and services exchanged in the provision of converged Internet services among APEC economies, consistent with the *APEC Principles on International Charging Arrangements for Internet Services*;
- l. foster the development of effective policies that support competitive markets in the domestic and international telecommunications and information industries.
- m. work to ensure that policy and regulatory environments better foster the uptake of e-commerce;
- n. implement, within voluntary time frames, the *APEC Interconnection Principles* and consult on the need for further discussions on interconnection; and
- o. implement the Gender Integration Plan.

10. TOURISM

COMMON POLICY CONCEPTS

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

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. *identify impediments to tourism growth and formulate strategies that will improve tourism movements and investment in the region;*
- b. increase mobility of visitors and demand for tourism goods in services;
- c. encourage and support the protection and conservation of cultural heritage and natural sites and the use of 'best practice' models in implementing the concepts of environmental and social sustainability to tourism development;
- d. enhance recognition and understanding of tourism as a vehicle for economic and social development;
- e. expand human resource development tools and exchange information and experience through the development of a database of core statistical information, including gender disaggregated data, and establish a research network to assist industry and governments to develop more effective marketing and planning regimes;
- f. raise awareness of the economic impact to tourism in the region; and
- g. address the requirement that all APEC economies take all possible measures in order to ensure the safety and security of travellers.

11. TRADE PROMOTION

COMMON POLICY CONCEPTS

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. hold APEC Trade Fairs on a regular basis;
- b. establish a network among trade promotion organizations in order to enhance linkages and cooperation among them;
- c. improve and convene training courses for the furtherance of trade promotion-related skills, and develop a mechanism for the exchange of trade promotion experts;
- d. compile, exchange and disseminate the information among trade promotion organizations and business/private sectors of member economies, on strategies, measures, and activities which support and facilitate trade promotion in member economies, such as internet services, trade financing, assistance for SMEs, performance measurements of promotion activities, etc.;

- e. implement projects to maximize the role of trade promotion organizations in promoting electronic trade among member economies; and
- f. conduct activities to promote trade in food products and gender integration in the international trade field.

12. TRANSPORTATION

COMMON POLICY CONCEPTS

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

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

JOINT ACTIVITIES / DIALOGUE

APEC economies will, *inter-alia*:

- a. respond to the Leaders 'Auckland Challenge' of 1999, by implementing the eight steps for more competitive air services on a voluntary basis and by identifying further steps to liberalise air services in accordance with the Bogor Goals, and provide annual progress reports to Leaders through SOM;
- b. develop by 2005 guidelines, standards and provisional options associated with an integrated transport system for the improvement or elimination of 'bottlenecks' in the region;
- c. improve by 2005 port efficiency and capacities in the region through the exchange of information and expertise among port experts and programs;
- d. develop by 2005 an efficient, safe and competitive operating environment for maritime transport and the ports sector in the region through improved transparency of maritime and port policies;
- e. develop by 2005 a plan to facilitate the implementation of satellite navigation and communications systems in the region;
- f. provide by 2002 a mechanism for increased cooperation and communication between APEC Economies in the transportation security area;
- g. continue work to address aviation and maritime safety deficiencies in the region and propose recommendations for improvement;
- h. identify by 2002 road safety issues and problems in the region and develop comprehensive strategies to address these;
- i. implement the action plan on Intelligent Transport Systems (ITS) to promote cooperation in ITS technology and standards;
- j. consider by 2005 measures to promote transparency in regulations, resolve differences in conformity assessment and facilitate the mobility of transport personnel by encouraging the mutual recognition of professional qualifications;
- k. continue the seafarers training project to meet seafarers' training needs in the APEC region;

- l. implement the *Framework for the Integration of Women in APEC* and identify initiatives for the full participation of women in the transportation sector; and
- m. identify by 2005/2010 the intermodal skills needed within APEC member economies and suggest methods of developing training programmes.

SECTION C: FURTHER DEVELOPMENT OF ECONOMIC AND TECHNICAL COOPERATION

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

APEC fora, notably Working Groups, will begin the work outlined in Section B: Economic and Technical Cooperation in Specific Areas immediately; cooperating with each other to enhance the efficiency of APEC activities. In the above process, duplication of work among APEC fora should be avoided.

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

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

THE OSAKA ACTION AGENDA

ANNEX

Action Programs in Specific Areas

AGRICULTURAL TECHNICAL COOPERATION

ENERGY

FISHERIES

HUMAN RESOURCES DEVELOPMENT

INDUSTRIAL SCIENCE AND TECHNOLOGY

MARINE RESOURCE CONSERVATION

SMALL AND MEDIUM ENTERPRISES

TELECOMMUNICATIONS AND INFORMATION

TOURISM

TRADE PROMOTION

TRANSPORTATION

ACTION PROGRAM FOR AGRICULTURAL TECHNICAL COOPERATION

1 INTRODUCTION

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

2 COMMON POLICY CONCEPTS

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

a. Goal

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

b. Basic Principles

- i) Accord with APEC goals for economic and technical cooperation.
- ii) Mutually beneficial to all members and open to participation by all interested members.
- iii) Avoid duplication with, and add value to, other activities undertaken by international agencies and regional forums.
- iv) Pay due consideration to the diversity of agricultural sectors in the region.
- v) Recognize the rapid changes occurring in the agricultural sector throughout the region.
- vi) Coordinate closely with other APEC joint activities.
- vii) Any joint activities to be funded from the APEC central fund or from other sources through APEC.
- viii) Arrange meetings in a way which minimizes resource costs to maximize member participation.

c. Priorities

In order to realize the goal of this action program, Agricultural Technical Cooperation will be implemented, with placing priority on the following areas of activities:

- i) Conservation and utilization of plant and animal genetic resources.
- ii) Research, development and extension of agricultural biotechnology.
- iii) Production, processing, marketing, distribution and consumption of agricultural products.
- iv) Plant and animal quarantine and pest management.
- v) Cooperative development of agricultural finance system.
- vi) Agricultural technology transfer and training.
- vii) Sustainable agriculture and related environmental issues.

3 JOINT ACTIVITIES

I. Conservation and Utilization of Plant and Animal Genetic Resources

- i) Develop individual genetic resources databases; identify and fill the gaps among

these databases by 2003.

- ii) Identify APEC-wide needs for genetic resources management based on individual member economy's genetic resources databases by 2002.
- iii) Establish an APEC information network for the exchange of genetic resources-related information by 2004.
- iv) Publish an APEC booklet or information package on the relationship between indigenous animals and human with local agricultural implications by 2002.

II. Research, Development and Extension of Agricultural Biotechnology

- i) Through tools developed (e.g. Communicating About Agricultural Biotechnology in APEC Economies: A Best Practices Guide), and through effective use of the APEC Internet site, follow up and document activities carried out with respect to communications and feed back successes to APEC economies by 2004.
- ii) Discuss key technical matters on agricultural biotechnology issues related to risk assessment/management of biotechnology products by 2004, in order to facilitate the development of science-based assessment frameworks in all member economies.
- iii) Further carry out information sharing related to agricultural biotechnology on member economies such as regulatory frameworks and on relevant international organizations by 2005.
- iv) Develop, identify, and participate in training opportunities or internships/fellowships in the areas of regulation, safety assessments, research and detection methodologies related to agricultural products of biotechnology, and document best practices by 2005.

III. Production, Processing, Marketing, Distribution and Consumption of Agricultural Products

- i) Develop cooperative work plans for development of supermarket/cold-chains and related distribution systems by 2003.
- ii) Develop cooperative work plans for improvement of post-harvest and food processing technologies by 2003.
- iii) Development of the network system on grade standards, requirements and regulations by 2003.
- iv) Develop information network system concerning both supply and demand of food by 2003.

IV. Plant and Animal Quarantine and Pest Management

- i) Conduct a survey of the availability amongst member economies of specific technical expertise and information by 2003.
- ii) Implement joint surveys of pests and diseases using standardized techniques to better manage pests and diseases which are likely to cross common boundaries by 2004.
- iii) Establish an information network system for the exchange of quarantine and pest management information by 2003.

V. Cooperative Development of Agricultural Finance System

- i) Update information on agricultural finance systems of individual member economies, including information of consultants/experts by 2003.
- ii) Implement a series of training courses on agricultural finance by 2002.

VI. Agricultural Technology Transfer and Training

- i) Identify key information on agricultural technology transfer and training useful to member economies by 2002.
- ii) Identify key agricultural technology transfer and training activities by 2003.

- iii) Develop joint research and training program on agricultural technology transfer and training by 2004.

VII. Sustainable Agriculture and Related Environmental Issues

- i) Establish the directory of experts, institutions and centers of research for sustainable agriculture by 2002.
- ii) Identify key information on agricultural practices, agro-ecosystem and environmental issues that may affect sustainable agricultural development by 2003.
- iii) Identify key information on rural development and socio-economic factors that may affect rural development by 2004.
- iv) Establish information network system on sustainable agriculture, related environmental issues and rural development by 2003.

ACTION PROGRAM FOR ENERGY

1 INTRODUCTION

At the request of APEC Leaders, Senior Officials preparing for the Osaka Leaders' Meeting in 1995 began the task of developing an Action Agenda to implement the Bogor Declaration. Working Groups and other APEC fora were asked to contribute to the Action Agenda by designing mid-term and long-term action programs on economic and technical cooperation (including infrastructure), and, where possible, on trade and investment liberalisation and facilitation. Senior Officials called for short term tangible results which could serve as down payments for the Action Agenda.

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

At their meeting in Sydney in 1996, APEC Energy Ministers endorsed 14 non-binding policy principles for rational energy consumption.

Energy Ministers at their fourth meeting (EMM4) held in San Diego, USA, on 12 May 2000, under the theme 'Turning Vision into Reality' conveyed their conviction to make the best effort for the simultaneous pursuit of economic growth, energy security and environmental protection, recognising that energy is central to maintaining the region's economic recovery, building the region's economic and social future, strengthening the marketplace, and promoting clean and sustainable development. In their message to APEC Leaders, Energy Ministers also committed to a set of primary principles that underpin APEC activities in the energy sector and to a new implementation strategy for APEC's energy program.

At the 21st meeting of the Energy Working Group (EWG21) held on 18–19 May 2001 in Kuala Lumpur, Malaysia, member economies agreed the Vision, Objectives, and Plan of a new Future Directions Strategic Plan for the EWG.

2 COMMON POLICY CONCEPTS

a. Future directions strategic plan

Our Vision

The vision of the Energy Working Group holds that the EWG will promote the 3E's (economic growth, energy security and environmental protection) and more broadly the contribution of energy to the economic, social, and environmental enhancement of the APEC community.

The EWG will achieve this by cooperation among member economies through government policy makers, technical experts, business/private sector representatives and regulators, working in partnership under the aegis of the EWG.

Our Objectives

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

- i) strengthening the security and reliability of affordable energy to all within our APEC community;
- ii) promotion of clean and efficient technologies, and the efficient use of energy to achieve both economic gains and environmental enhancement;
- iii) achieving environmental improvement of energy production, use and mineral extraction

- within our APEC community;
- iv) harnessing all expertise available to the EWG to give effect to the above objectives; and
- v) implement the *Framework for the Integration of Women in APEC*.

Our Plan

The EWG will promote policy approaches and initiatives and adopt work programs within the following strategic themes:

- i) Fostering a common understanding on regional energy issues.
- ii) Improving the analytical, technical, operational and policy capacity within member economies.
- iii) Facilitating energy and minerals resource and infrastructure development in an environmentally and socially responsible manner.
- iv) Facilitating energy efficiency and conservation
- v) Facilitating improved reliability and stability in the provision of energy supply to meet demand.
- vi) Facilitating energy technology development, exchange, application and deployment.
- vii) Facilitating a diverse and efficient supply mix.

b. Basic Principles

In 1996 Energy Ministers endorsed 14 non-binding policy principles for rational energy consumption, agreeing to:

1. Emphasise the need to ensure energy issues are addressed in a manner which gives full consideration to harmonisation of economic development, security and environmental factors.
2. Pursue policies for enhancing the efficient production, distribution and consumption of energy.
3. Pursue open energy markets for achieving rational energy consumption, energy security and environmental objectives, recommending action in the appropriate forum of APEC to remove impediments to the achievement of these ends.
4. Recognise that measures to facilitate the rational consumption of energy might involve a mix of market based and regulatory policies, with the relative components of the mix being a matter for the judgement of individual economies.
5. Consider reducing energy subsidies progressively and promote implementation of pricing practices which reflect the economic cost of supplying and using energy across the full energy cycle, having regard to environmental costs.
6. The regular exchange of experience on the various policies being used by member economies to achieve a more rational energy consumption.
7. Ensure that a least cost approach to the provision of energy services is considered.
8. Promote the adoption of policies to facilitate the transfer of efficient and environmentally sound energy technologies on a commercial and non-discriminatory basis.
9. Encourage the establishment of arrangements for the development of human resource skills relevant to the application and operation of improved technology.
10. Enhance energy information and management programs to assist more rational energy decision making.
11. Encourage energy research, development and demonstration to pave the way for cost effective application of new, more efficient and environmentally sound energy technologies.
12. Promote capital flows through the progressive removal of impediments to the funding of the transfer and adoption of more energy efficient and environmentally sound technologies and infrastructure.
13. Promote cost effective measures which improve the efficiency with which energy is used but reduce greenhouse gases as part of a suggested regional response to greenhouse gas reductions.
14. Cooperate, to the extent consistent with each economy's development needs, in the joint implementation of projects to reduce greenhouse gas emissions consistent with the Climate Change Convention.

Members will develop and build on these principles, including into additional areas where consensus can be reached, consistent with the EWG Future Directions Strategic Plan.

c. Priorities

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

The activities set out in the Action Program address both elements of the APEC Action Agenda (Part I concerning trade and investment liberalisation and facilitation, and Part II concerning economic and technical cooperation) and cover the seven strategic themes referred to in the Plan above.

3 JOINT ACTIVITIES

I. Fostering a common understanding on regional energy issues

The EWG will continue to consolidate its energy database and production of a regional energy outlook. The outlook fosters member economies' better understanding of the energy policy implications of future energy supply and demand trends and developments, thereby assisting member economies' decision-making processes. The regional energy outlook is, and will continue to be, produced by the Asia Pacific Energy Research Centre (APEREC) formally established in mid-1996, located in Japan and managed under the auspices of the Energy Working Group.

Activities aimed at further expansion of the APEC energy data base will be carried out by the Expert Group on Energy Data and Analysis. This will be achieved through the identification and collection of additional economic and social indicators, and by the collection of data on final energy consumption on a more disaggregated basis. Where possible, this data will be collected from existing authorised international statistics. Other data will be submitted by each member economy. The timeliness and quality of oil market supply and demand data will be improved through activities aimed at improving the collection of this information from APEC member economies. These activities will be enhanced through technical cooperation with other multilateral agencies involved in energy data collection and analysis activities.

The EWG also encourages the free and open exchange of information on member economies policies and programs in the energy sector. This is facilitated through policy dialogue, and the exchange of information on notable energy developments and programs within member economies at EWG officials meetings.

Energy Ministers meeting in Okinawa, Japan, in 1998 recognised the importance of continuing improvements in the production, delivery and use of energy and agreed to implement a voluntary Pledge and Review program. EWG member economies report to meetings on progress against their pledged efficiency programs on an annual basis as a means of exchange of knowledge and information.

II. Improving the analytical, technical, operational and policy capacity within member economies

The EWG will continue to actively pursue the Implementation Strategy endorsed by Energy Ministers in San Diego, USA, in May 2001 through delivery of the implementation facilitation assistance team (IFAT) process and annual reporting on a voluntary basis by member economies against the primary principles contained in the Implementation Strategy.

The IFAT program is a mechanism developed by the EWG to assist APEC member economies to implement agreed energy initiatives, including, amongst other things, power and gas sector reform. Under the program, and at the invitation of a member economy government, a team of energy experts visits the host economy to share experiences and provide advice on options and approaches to implementing energy market reforms or other aspects of the energy sector. Team members are

drawn from a cross-section of APEC member economies, including representatives of the EWG Business Network, the Energy Regulators Forum, and other nominated experts.

The EWG will complete a study on 'Strengthening the Operational Aspects of APEC Energy Micro-Economic Reform' and deliver a series of workshops aimed at improving the understanding within APEC of the role of micro-economic reform in energy markets and the efficiencies and benefits to consumers that can result. The workshops will also work to inform on issues associated with barriers to investment in the energy sector and the means by which those barriers can be removed and private sector investment can be mobilised.

The EWG will undertake a project aimed at providing quantitative analysis of the broad economic impacts of micro-economic reform policies to deregulate energy markets in the APEC region. Using macro-economic modelling, the project will permit an assessment of the benefits to economies through lower energy prices and more open and transparent energy markets that are expected to flow from regulatory reform. The project will assess the potential benefits of reform at both the economy wide level – through impacts on gross domestic product and sectoral outputs – as well as at the energy sector level – through impacts on energy prices, consumption and trade. The project will quantify the potential impacts of regulatory reform in the energy sector on macroeconomic performance as well as on energy consumption, prices and trade. The project will analyse the impacts of deregulation in the electricity sector as well as in primary fuel markets for petroleum, gas and coal, where appropriate.

III. Facilitating energy and minerals resource and infrastructure development in an environmentally and socially responsible manner

In Edmonton, Canada, in 1997 APEC Energy Ministers endorsed an *Environmentally Sound Infrastructure Initiative*. Ministers noted that the rapid increase in power infrastructure, which will be necessary to meet the economic and social aspirations of the region, will have impacts on the environment, and that these impacts can be of a local, regional, or global nature. Ministers further noted that the challenge facing the region was to attract investment in power infrastructure, while at the same time ensuring that such infrastructure was established and operated in an environmentally sensitive way.

In Edmonton, Canada, APEC Energy Ministers also asked the EWG to examine ways to encourage greater strategic input from business. Trade and investment decisions in markets are impacted by the policies and practices set by government. To the extent that policies and practices can be changed to remove impediments, improve transparency and reduce risks, new trade and investment opportunities will open up and costs will be reduced. APEC provides an important vehicle for generating such change, providing a mechanism to influence governments at Leader, Ministerial, and Official level. By informing in a constructive way, change can be influenced. This is not a short-term goal, but rather a longer-term objective that will generate mutual benefits with respect to the economic and social goals of governments through increased private sector investment and trade, and returns to business/private sector through greater opportunities and reduced costs. Crucial to the efficient realization of this objective is strategic input from business/private sector to ensure objectives are well defined and strategies appropriate. As a result, EWG members agreed, at their meeting in March 1998, to the establishment of the APEC EWG Business Network (EBN). The EBN meets twice a year and inputs through dialogue with officials to EWG policy and program development processes.

IV. Facilitating energy efficiency and conservation

Member economies participate in the activities of the five Expert Groups of the EWG. Expert Group activities involve economic and technical cooperation in the areas of Energy Efficiency and Conservation, New and Renewable Energy Technology, Energy Data and Analysis, Clean Fossil Energy, and Energy and Minerals Exploration and Development.

The EWG, Energy Regulators Forum (ERF) focuses its work program on activities that assess, advise and report to EWG on regulatory aspects of energy market developments in the APEC

region. The ERF promotes exchange of information and regulatory expertise within and between member economies; facilitating exchanges and strengthening linkages with and between other APEC fora, including the EWG Expert Groups, EWG Business Network (EBN), Asia Pacific Energy Research Centre (APEREC), as well as guests of the EWG and ERF; and encouraging member economies to attend and participate in appropriate APEC and EWG funded workshops and seminars that have an energy regulatory component.

In San Diego, USA, in May 2001 Energy Ministers called for the establishment of the position of an APEC Energy Efficiency Test Procedures Coordinator. The EWG will establish this position with the purpose of continuing the work started by the Steering Group on Energy Standards (SGES) on reducing barriers to trade created by differing energy performance test methods and energy performance requirements. The overall purpose will be met via the five objectives identified by the SGES:

- i) Developing, implementing and maintaining a standards web site — this will maintain up-to-date and accurate information about energy standards and regulations in APEC member economies.
- ii) Managing a Standards Notification Procedure — to disseminate information relating to changes to energy efficiency standards within member economies to all relevant parties and to provide coordination between member economies on the development of energy standards.
- iii) Monitoring international standards processes and developing a database for standards — tracking international developments in the field of energy standards.
- iv) Coordinating APEC standards participation networks and algorithm activities within standards development where integrated with APEC priorities — liaising between relevant parties on matters concerning energy standards and regulations, and assisting in the establishment and presentation of a common 'APEC stance' on energy standards being developed within relevant international standards fora.
- v) Monitoring and reporting on the delivery of the SGES work program to reduce or remove the need for multiple testing.

I. Facilitating improved reliability and stability in the provision of energy supply to meet demand

As part of its broad program of work the EWG will develop and implement an energy security initiative which aims to improve the functioning of energy markets; energy efficiency and conservation; diversification of energy resources; renewable energy development and deployment; and explore the potential for alternative transport fuels, to alleviate pressure on the oil market, including the role that stocks could play as an option to respond to oil market disruptions. As part of this initiative, the EWG will deliver a project titled 'Energy Security Initiative: Petroleum Stocks as an Option to Respond to Oil Market Disruptions'. The objective of the project is to provide member economies with further options to consider in addressing the economic impacts of oil market volatility and more fundamental energy security concerns. Consistent with the EWG's approach to all of the initiatives it develops and executes, participation in developing the initiative and any follow up action by individual member economies based on agreed elements of the initiative will be voluntary. The initiative will provide exchanges of information and experience on policy, analytical and technical issues, stock holdings and draw down arrangements, costs, and integration with other energy security measures. The EWG will use the 'Best Practice model' of previous initiatives and will emphasize shared experiences. The project will, through a series of workshops, draw upon existing expertise in the EWG and its Expert Groups, the Asia Pacific Energy Research Centre, member economies, and other appropriate organisations.

The EWG will implement an *Earthquake Response Initiative* that will involve sharing of information and experience. All APEC member economies will strengthen their capacity to prepare for earthquake disasters and to carry out rescue and restoration efforts. Overall, this initiative will lessen the damage to energy systems from earthquakes and increase energy supply security in the region. Initially this initiative will deliver a *Report on Energy Infrastructure Earthquake Resistance Guidelines and Regulations of APEC Economies*. The project will also deliver a seminar at which

the participants from APEC member economies will present guidelines and regulations aiming to reduce the impacts of earthquakes on energy infrastructure, as well as best practices on post-earthquake investigation and restoration. The proceedings of the seminar will be published and widely distributed within the APEC region.

The EWG will undertake a project to identify and address barriers (policy, technical, regulatory and legal) to the interconnection of power grids in APEC member economies. Recommendations for action will be presented to the EWG, and two workshops conducted with relevant parties to disseminate information and strategies on overcoming barriers. Through these workshops member economies will develop and gain a greater and more practical understanding of how to target and implement the policies developed. Workshops would be held in venues to maximise participation of member economies. This project is of significance to developing APEC economies, many of which are characterised by under developed power inter-connections.

VI. Facilitating energy technology development, exchange, application and deployment

The APEC 21st Century Renewable Energy Development Initiative consists of the development within the EWG Expert Group on New and Renewable Energy (EGNRET) Technologies of a series of collaborative efforts among its member economies to advance the use of renewable energy for sustainable economic development and growth of the APEC region. EGNRET has identified the priority needs and issues of its members, especially developing economies, for the promotion of sustainable development and growth, relating to the use of renewable energy. Eight collaborative efforts are being developed and will be implemented by multi-economy and multi-disciplinary 'program teams' consisting of representatives from governments, the private sector, NGOs, utilities and financing organisations.

The EWG will implement a research project 'Harmonising Economic and Environmental Objectives of Energy Policy'. The project will deliver the findings of a comprehensive examination of key relevant issues relating to the harmonisation of economic and environmental objectives of energy policy. The information obtained will assist member economies in decision and policy development processes. The work program will aim to improve the information base in relation to environmental impacts of energy production and use, and assess the extent to which the deployment of technology and end use efficiency can contribute to harmonising environmental and energy objectives.

The EWG will undertake a review of the various standards that exist within APEC that govern the application of new and renewable energy technologies. The results of the review will be documented and shared. A universal knowledge of standards and regulations relating to the application of new and renewable energy technologies within member economies will facilitate a better understanding of the potential barriers to trade in these technologies and products.

The EWG will deliver a series of workshops on the impacts of e-commerce on the energy sector within the APEC region. This work will be undertaken by the ad-hoc task force on e-commerce in energy established by EWG20 in Cusco, Peru.

The EWG will finalise work on energy services whose outcomes will not in any way prejudice activities underway in the WTO on services under the General Agreement on Trade in Services. The EWG will report back to the APEC Committee on Trade and Investment (CTI) so that the Group on Services under CTI can progress this work.

The EWG will undertake work that will provide quantitative analysis of the benefits of the uptake of 'New Economy' technologies to the energy sector in APEC member economies. This project will benefit all APEC member economies by providing a common understanding of the implications of these technologies for economic growth and sectoral performance, with a particular focus on energy consumption, production and trade.

VII. Facilitating a diverse and efficient supply mix

The EWG will initiate a project that will determine the extent to which interconnection standards for distributed electricity resources and policies act as barriers to trade within APEC economies. The miniaturisation of electric-generating technologies is a growing trend within APEC economies. These technologies can be placed at the source of electricity consumption rather than at central stations. A lack of interconnection standards could act as a barrier to using these small-scale technologies and, hence, to trade in APEC economies.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

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

ACTION PROGRAM FOR FISHERIES

1 PREAMBLE

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

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

2 COMMON POLICY CONCEPTS

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

a. Goal

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

b. Basic Principles

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

i) *Shared responsibility*

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

ii) *Common Interest/Common Benefit*

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

iii) *GATT/WTO Consistency*

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

services and capital will be promoted in a GATT consistent manner.

iv) Equal Partnership and Mutual Respect

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

a. Priorities

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

I. The FWG needs to strengthen economic and technical cooperation in the management of the production base of the fisheries and aquaculture sector in the following areas:

- i) Promotion of conservation and sustainable use of fisheries resources domestically and regionally.
- ii) Solutions to common fisheries resource management problems.
- iii) Promotion of the sustainable development of aquaculture in the region.
- iv) Solutions to aquaculture disease control.
- v) Promotion of habitat preservation.
- vi) Enhancement of the food safety and quality of fish and fisheries products.

II. The FWG needs to promote work in the following areas concerning trade and investment liberalisation and facilitation in the sector:

- i) harmonisation of rules and regulations on product standards concerning fish and fisheries products;
- ii) the effects of subsidies on resource management within the sector;
- iii) the impact of resource management techniques upon trade;
- iv) standard principles for the enhancement of the food safety and quality of fish and fisheries products;
- v) current barriers to trade (including tariff and non-tariff measures) and investment in the region; and
- vi) the supply gap in fisheries products given growing demand.

III. Sector Specific Factors

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

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

3. JOINT ACTIVITIES

I. **The FWG needs to strengthen economic and technical cooperation in the management of the production base of the fisheries and aquaculture sector in the following areas:**

- i) Promotion of conservation and sustainable use of fisheries resources domestically and regionally. In this regard, the APEC Joint FWG/MRC Task Force on Destructive Fishing Practices has been developed to focus on: 1) developing and implementing model coral reef fishery management guidelines and practices; 2) establishing a regional harmonized code for identifying fish in trade, through a full deliberative process in APEC; 3) establishing a regional certification system; and 4) outreach strategies including training, and engaging the private sector and non-governmental organizations over the coming years. Unfortunately, the FWG has not followed up on the successful workshop on fishery management concerns hosted by Japan in 1999.
- ii) Solutions to common fisheries resource management problems. The FWG hopes that one outcome of an APEC shark project might be capacity building in the APEC region for implementation of the FAO International Plan of Action for shark conservation and management.
- iii) Promotion of the sustainable development of aquaculture in the region. We have focused much attention on sustainable aquaculture projects that provide alternatives to reef-destructive fishing practices for the live reef food fish trade.
- iv) Solutions to aquaculture disease control. A recently approved project for science-based import risk assessment procedures will contribute to capacity building among fishing companies that are SME's, initially in shrimp aquaculture.
- v) Promotion of habitat protection. Prevention of reef destructive fishing has contributed to the protection of coral reef habitat. More needs to be done in this area.
- vi) Enhancement of the food safety and quality of fish and fisheries products. Several early FWG projects contributed to regional implementation of HACCP-based seafood safety programs. More technology transfer and training could be provided to build regional capacity in this area.

II. **The group needs to promote work in the following areas concerning trade and investment liberalization and facilitation in the sector.**

- i) Harmonization of rules and regulations on product standards concerning fish and fisheries products.
- ii) The effects of subsidies on resource management within the sector.
- iii) The impact of resource management techniques upon trade.
- iv) Standard principles for the enhancement of the food safety and quality of fish and fisheries products.
- v) Current barriers to trade (including all tariff and non-tariff measures) and investment in the region.
- vi) The supply gap in fisheries products given growing demand.

General comment: The work of the FWG is hampered by the refusal of some economies to participate in discussions of trade liberalization. In some cases, this is due to the perception that a few economies might impose their approaches on other economies, thereby challenging the sovereign authorities of each economy to establish its own domestic approaches to international problems. In other cases, the reasons why progress is being blocked are less clear.

III. **Sector specific factors – in developing these objectives consideration needs to be given to the characteristics of fisheries. The vision statement of the FWG provides the context within which the above objectives apply. However, various sector specific issues need to be addressed including:**

- i) limitation of supply potential from the resource and growing market demand for fisheries products.

- ii) the common property nature of the resource and the associated user conflicts resulting.
- iii) the lack of effective management regimes in some fisheries.
- iv) the excess capacity that currently exists in the world's fishing fleets.
- v) the lack of coherent internationally agreed rules governing trade and product quality for fisheries products.
- vi) the incomplete nature of sector specific information regarding subsidies, administrative barriers, etc.
- vii) the social impacts upon traditional/artisanal fishers and communities.

General comment: The FWG is well-positioned to begin projects that address these concerns. Perhaps the Ocean-related Ministerial Meeting and the WSSD process will begin to provide clarity to our thinking about how to resolve these issues.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

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

ACTION PROGRAM FOR HUMAN RESOURCES DEVELOPMENT

1 INTRODUCTION

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

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

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

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

The Action Program for APEC Human Resources Development shall have the following components and features:

- i) common policy concepts;
- ii) a joint activities framework for HRD;
- iii) joint activities for HRD: human resources development program 21;
- iv) HRD activities in other APEC committees and working groups;
- v) dialogue on member economies' policies/activities; and
- vi) time frame.

2 COMMON POLICY CONCEPTS

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

a. Goals

As stated in the *Declaration on Human Resources Development Framework* and the 1995 HRD work plan, the goal of human resources development in APEC is to promote the well-being of all people in the region through economic growth and development. Furthermore, HRD has an important

role to play in achieving the liberalization and facilitation of trade and investment which was emphasized in the *Bogor Declaration*. This development of human resources will be achieved by planning, developing, and implementing practical and appropriate education and training for present and future managers, entrepreneurs, and workers in the public and private sectors and even non-workers contributing to the economic growth, trade and development of the region. Well-educated and well-trained individuals may contribute to future economic growth and development through their roles as parents and community figures as well as through current or future employment.

b. Basic Principles

APEC HRD will be based on the following principles, as stated in the *Declaration on Human Resources Development Framework* and the HRD's annual work plans:

- i) The people of the Asia Pacific are the most important resource in economic growth and development, one of whose goals is to enhance the quality of life and well-being of the people in the region.
- ii) The development and protection of human resources contribute to the attainment of such fundamental values as the alleviation of poverty, full employment, universal access to primary, secondary, and vocational education and the full participation of all groups in the process of economic growth and development.
- iii) Human resources development requires cooperative action by public, and business/private sectors, educational and training institutions.
- iv) In designing regional approaches to human resources development, attention must be given to the diversity of experiences and situations in the region.

c. Priorities

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

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

3 JOINT ACTIVITIES FRAMEWORK FOR HRD

The eight priorities earlier indicated basically define the basic mission of APEC for human resources development. It shall be incumbent upon the HRDWDG therefore, to translate these mandates into attainable plans for HRD, increasing opportunities for joint activities among member economies to

maximize the benefits of human resources development in the region. These priorities, ultimately, when translated into concrete action, shall put into motion the goals and objectives of promoting of well-being of individuals within the region, not only as the means to achieve economic growth and development, but the end itself.

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

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

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

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

In pursuing HRD efforts, due attention will be given to optimize integration of gender and youth into APEC activities.

In responding to the *Beijing Initiative* which calls for involvement of the stakeholders in human capacity building efforts, APEC economies will explore mutually beneficial cooperation between the government, business/private and education/training sectors.

4 JOINT ACTIVITIES: HUMAN RESOURCES DEVELOPMENT PROGRAM 21

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

For its Action Program, the HRDWG has identified 21 program areas consisting of 14 sub-programs of the HRDWG addressing the themes developed under the eight priority areas, and an additional 7 sub-programs developed as Leaders' and Ministers' initiatives. Specific projects/activities and their corresponding performance indicators have been established by the HRDWG to guide the course of its activities in the mid- to long-term. The 21 programs of the HRD are as follows:

I. Programs on the Basis of the Eight Priorities

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

The development of human resources is highly dependent on high-quality curriculum, effective instructional methods, and use of new and innovative technologies, both for formal and informal education. In particular, enhancing the capacity of teachers to deliver high-quality instruction and ensuring that students have access to high-quality instructional materials are essential to an effective system of education and training. For this purpose, member economies may identify subject areas that they consider particularly critical to economic growth and development. Member economies may gain significant insights toward the improvement of instructional methods through information sharing. Specific activities which the HRDWG has completed include integrating training in use of information and communication technologies into teaching training, methods for formulating standards for vocational teachers, case studies of promising models or practices for teacher induction, teacher development, and teaching/work environments. Comparative study of primary and secondary science education programs in APEC members toward the identification of effective policies and practices to improve science education and an assessment of levels of utilization of computer network systems among students, teachers, and administrators served promote innovative uses of technology in education.

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

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

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

In order to maximize growth opportunities and enhance the competitiveness of APEC member economies, the HRDWG shall pursue projects that would promote the quality of management and entrepreneurial skills in human resources. Projects to be undertaken under this sub-program include the conduct of 'Training Programs and Surveys to Enhance Productivity Among SMEs', short-term programs that will proceed to the medium-term. Other projects include the promotion and conduct of on-the-job training programs from the mid- to long-term.

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

To sustain benefits that are to be derived from increased productivity resulting from human resources development, emphasis will likewise be placed on strengthening the management, education, and training systems of member economies for increased environmental awareness and for the effective management of environmental issues within organizations. A significant project to promote this theme would be to produce, in the long term, certification systems for environment managers with emphasis on pollution prevention. Projects to be undertaken in the short-term include the conduct of an APEC-wide study on the 'Future Directions of Industrial Environmental Technology HRD' toward the development of environmental industrial strategies; conduct of a 'Conference on Critical Strategies for Responding to HRD Implications of Environmental Technology Issues'; and the launching of the 'Economic and Development Environment Investments Project' to provide EDM training for policy advisors and managers.

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

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

f. *Supporting the Development of Useful Labor Market Information and Policy, Workplace Condition and Social Safety Net (Related to Priority 2, 3, 4 and 7)*

Support strong and flexible labor markets through policy research, collaboration, technical cooperation and the provision of labor market, enterprise-based training, and employment policies including labor market adjustment measures to assist workers affected by globalization and the development of professional and technical personnel; support the development of improved workplace conditions and practices including such measures as enhancing productivity, the adoption of new technologies, better labor-management relations, and improved safety and health; work on the strengthening of social safety nets in areas such as income support programs, measures to enhance employability, empower individuals, and mitigate dependence.

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

Improving the quality of curricula, teaching methods, and instructional materials relating to industrial technology education is increasingly necessary to optimize the development of human resources who can adequately respond to changing business market opportunities in the emerging borderless Asia-Pacific economic community. Critical elements of this program include the conduct of cooperation efforts geared to encouraging exchange of information on training and skills development policies, strategies, and programs among member economies. Specific projects/activities under this program include establishment of a network of research collaborators toward the identification of best practice approaches in the field of information technology education; and development of 'Technology Management Training Program for SMEs'.

h. *Lifelong Learning (Related to Priority 4)*

Improving labor productivity and flexibility is central to sustainable and equitable economic growth in the APEC region. As such, human resource development initiatives and strategies should cater to the emerging needs of the region's manpower in order that they may be equipped to equally address emerging roles and skills requirements in the region. This program emphasizes the significance of creating new approaches and HRD programs for application in all stages of a person's working life. To provide a solid foundation for various initiatives under this program, the HRDWG has published regional and general papers on lifelong learning programs and intends to develop a database on individuals and agencies developing lifelong learning activities. A conference on 'Lifelong Learning Approaches and Initiatives' was held in 1997.

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

In order to determine whether education systems are able to achieve their goals of instilling knowledge, skills, attitudes, and behaviors in students, as well as prepare students for the world of work, further learning, and good citizenship, it is necessary to put in place a strategy to acquire

quality data, measure performance, and a system for analysis and reporting. This is important in determining how much of the goals are met *vis-a-vis* the actual performance of education systems. Cooperative work among member economies under this program should help member economies design methods to develop data and monitor their own system's performance. As such, projects under this program include the collection and publication of an APEC educational indicators database in 2002. Conferences have been undertaken to promote information sharing on 'state-of-the-art' performance measurement approaches and reporting systems: a framework conference conducted in October 1995, a conference on school-based indicators in 1996 and a conference on student assessment in October 2000. In January 1999, as part of a conference on education management reform, methods of performance assessment currently being utilized were a key aspect of the discussion. The continuous exchange of information is expected to result in the establishment of higher performing systems in the region.

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

Enhancement of the capacity and opportunities for the movement among member economies of people who have skills relevant for economic growth is a necessary element in achieving trade and investment liberalization and facilitation in the region. Thus, consistent with the goals of APEC, its HRD activities must facilitate the movement and interaction of qualified persons. To further promote HRD in the region as a means to achieve economic goals, projects to be undertaken in the short-term included the sharing of information on best practice and training in systems of accreditation, curriculum development and certification, with engineering as pilot; and conduct of an experts meeting to discuss new exchanges in higher education for the 21st century. In the medium-term, the publication of member economy profiles in booklet and video forms, for distribution among schools in at least half of the members to facilitate student project work; and the establishment of a communication network among education and human resource policy makers to promote information sharing has been pursued. The establishment of APEC Study Centers at institutions of higher education and research centers throughout the region has been undertaken on a continuing basis. The conduct of increased levels of exchanges of students, staff, and researchers through the University Mobility in the Asia Pacific (UMAP) and increased exchanges of education officials through EDNET cooperation are also underway and continuing. A series of bilateral agreements for the mutual recognition of professional qualifications between professional bodies or governments are being pursued in the long-term. The establishment of additional bilateral agreements promoted a continuing program for the exchange of education officials in the region in 2000.

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

k. *Management for Organizational Change (Related to Priority 7)*

This program shall be pursued to assist organizations in managing the change process resulting from technological changes and the dynamism of processes in the region. The changes in the economic and technical environment embracing the public and private sector calls for certain levels of restructuring within organizations and corresponding initiatives to enable human resources in organizations to effectively manage the restructuring processes as well as pursue better relations within the workplace. A report on 'Managing Corporate Change Within APEC Economies' was published in September 1995 and a seminar relating to Labour-Management-Government relations in the workplace was held in June 2001.

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

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

m. Standards and Conformance (Related to Priority 8)

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

n. Intellectual Property Rights (Related to priority 8)

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

II. Programs Related to Leaders' and Ministers' Initiatives

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

a. APEC Leaders' Education Initiative

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

The establishment of APEC Study Centers is an important component of ALEI. These centers have been established in all member economies to promote collaborative research on APEC related issues. ALEI also includes the implementation of an APEC scholars program to promote the exchange of students and teachers.

b. APEC Business Volunteer Program

Proposed by Thailand, the *APEC Business Volunteers Program* aims to promote HRD to create business, legal, and other environments favourable to trade and investment by mutual expert dispatch among private sector entities in the APEC region. This initiative also aims to further

economic development in the region through the exchange and transfer of managerial and technical skills by exchange of business volunteers.

A significant feature of this program includes the establishment of focal points in each member economy that identifies the needs and expertise available in each member economy for compilation into a roster of available expertise to be used in the networking activities among the member focal points. To facilitate and systematically carry out continuous information exchange and strengthen communication lines among the various focal points, an APEC BVP Coordinating Office in Bangkok, Thailand, was established. This office has also served as an information center with access to updated rosters of experts in member economies and has received applications for expert dispatch for referral to appropriate expert dispatch agencies in member economies.

c. *APEC Ministerial Meeting on Human Resources Development*

Responding to the APEC challenges, Ministerial Meetings on Human Resources Development have been held since 1996 and biennially since 1997 to maintain the momentum of ongoing HRD efforts and to chart the direction of future HRD work in APEC.

d. *APEC Center for Technology Exchange and Training for SMEs (ACTETSME)*

The project is a result of the APEC Leaders pledge in Blake Island, USA, during which the Philippine Government put forward the initiative to operationalize a center that will collectively harness the resources of APEC member economies to support sustainable development and growth of SMEs in the region. The Center performs the role of a resource center with distinct capabilities in information networking, mobilization of training opportunities for technical know-how absorption and upgrading, and organizing specialized activities to reach out to SMEs for syndicating technology transfer projects in the spirit of intra-regional cooperation and business internationalization.

e. *SME Ministerial Meeting*

The APEC HRDWG has adopted 'SMEs' as a key theme in its workplan. This complements the recognition that SMEs are increasingly important in terms of heightening economic complementarities and development in the region. Toward this end, APEC HRD afforded more emphasis on activities that support the growth and development of SMEs, which in turn, has supported the overall APEC goal of further economic growth in the region.

f. *Sustainable Development Ministers' Meeting*

The Ministerial Meeting on Sustainable Development was held in 1997. Taking the cue from Senior Officials who review APEC activities in sustainable development regularly in consultation with Chairs and Lead Shepherds of all APEC fora, the HRDWG discusses pertinent issues relating to sustainable development as part of its regular agenda at its meetings.

g. APEC Education Foundation

Proposed by the USA and welcomed by the Ministers in Jakarta, Indonesia, the APEC Education Foundation (AEF) was established in 1995 as an expansion of the *Leaders' Education Initiative* to advance the cause of education and human resources development in the region. Following the proposal by Korea, the Foundation's Grants and Programs Secretariat was opened in Seoul, Korea, in 1997 and the Administrative Office later in Monterey, USA. In Vancouver, Canada, APEC Leaders acknowledged the development and progress of the Foundation in the APEC Economic Leaders' Declaration. With financial contributions from the Korean Government and the private sector in the USA, the AEF has supported the endeavors of APEC member economies to enhance collective learning and exchange information. In 2000, the AEF reorganized and consolidated the Secretariat, now integrated in Seoul, to ensure efficiency and transparency. In Brunei, Ministers welcomed 'the efforts to revitalize the APEC Education Foundation and urged economies to participate actively in the Foundation.'

As a grant-making organization intended to channel investments into the development of human resources in the region, the AEF will continue to promote educational cooperation, research and scholarship, and community building through a concerted approach among the public and private sectors and educational and training institutions. In collaboration with various partners of APEC, the AEF will also seek ways to contribute to human capacity building within APEC in its priority areas. In order to build a solid basis to advance its objectives, efforts will be accelerated to establish a financial resource base and enhance public outreach.

5 HRD ACTIVITIES IN OTHER APEC FORA

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

A regular agenda item at HRDWG meetings provides for discussion on HRD-related activities in other APEC fora. These include:

- *APEC Strategic Plan on Capacity Building* through programs on building capacity for implementation of WTO Agreements (Committee on Trade and Investment).
- 'Transforming Digital Divide into Digital Opportunities' (Economic Committee).
- 'APEC Financial Regulators' Training Seminar-Strengthening Training Programs and Processes' (APEC Finance process).
- 'Training for Building Skill on Marketing Strategy' (Trade Promotion WG).
- 'APEC Institutional Linkage for Human Resources Development in Post-harvest Technology' (Agricultural Technical Cooperation WG).
- 'APEC Marine Environmental Training and Education Program' (Marine Resources Conservation WG).
- 'Distance Learning Strategic Needs Analysis Project' (Telecommunications and Information WG).

6 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

a. Policy Dialogue

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

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

b. Dialogue Themes

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

i) Exchange of Information on Key Policy Developments

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

ii) Promotion of Professional HRD Practices and Standards

Efforts to promote professional HRD practices and standards shall be pursued by the HRDWG. This will be done through sharing of information on current HRD practices and curriculum development systems of various member economies.

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

7 TIME FRAME

a. Yearly

Formulation of an annual work plan to implement the Action Program.

b. Regular

Action Program shall be reviewed regularly and amended whenever necessary to improve performance.

ACTION PROGRAM FOR INDUSTRIAL SCIENCE AND TECHNOLOGY

1 INTRODUCTION

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

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

2 COMMON POLICY CONCEPTS

The common policy concepts shall essentially consist of the goals, basic principles, and priorities defined by the APEC Agenda for S&T Industry Cooperation into the 21st Century, which was finalized following the 1998 meeting of APEC S&T Ministers in Mexico City, Mexico. These concepts are shared and acknowledged by the APEC member economies as the basis for the development and implementation of IST programs within the region.

a. Vision

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

b. Goals

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

- i) enhanced economic growth, trade and investment opportunities;
- ii) better quality of life and a clean environment;
- iii) a well-balanced industrial structure which builds on the diversity of the region;
- iv) improved levels of scientific knowledge promoting economic activities, particularly business/private sector growth, as well as technological sophistication in the region;
- v) the smooth flow and application of information, technology and expertise;
- vi) consistent and transparent policy measures in key areas such as industrial standards;
- vii) enhanced links between government agencies, the private/business sector (including SMEs) and academic institutions engaged in collaborative industrial science and technological research and development; and
- viii) efficient and effective support for industrial science and technology cooperation projects and programs.

c. Non-binding Principles for effective IST collaboration

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

- i) joint activities and dialogue should support the vision and goals of the Action Program;
- ii) there should be opportunities for all parties to join in regional multilateral research collaboration programs;
- iii) contributions to and benefits from collaboration should be equitable, balanced and geared to members' capabilities;
- iv) projects should encourage complementary and collaborative public and business/private sector investments in the development and diffusion of technologies;

- v) collaborative activities should ensure, whenever possible, the active participation of SMEs;
- vi) collaborative activities could be implemented throughout the full innovation cycle from basic research to pre-competitive industrial R&D;
- vii) a consistent and transparent approach should be adopted to standards and standard setting activities, in order to facilitate technological flows; and
- viii) collaborative activities should ensure that any intellectual property rights are protected and that the results and commercial benefits are allocated fairly.

d. Priorities

The ISTWG will work on the following priorities with joint activities and dialogue identified in Sections 3 and 4 below, keeping in mind gender-related issues, to realize the Common Policy Concept of the Action Program. The Working Group will keep these activities under review in the light of experience and develop new or revised activities consistent with the vision, goals and principles of the Action Program.

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

I. Improved Flows of Technological Information and Technology

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

II. Improved Researcher Exchange and HRD in IST

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

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

III. Facilitation of Joint Research Projects

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

IV. Improved Transparency of Regulatory Frameworks

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

V. Contribution to Sustainable Development

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

VI. Enhanced Policy Dialogue and Review

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

3 JOINT ACTIVITIES

I. Strengthen APEC Cooperation in Key Technologies

The rapid introduction of new generations of technology, the increasing complexity of these technologies, and the demand for speed-to-market introduce challenges to both the private sector and the research community in all APEC economies. The ISTWG recognizes that to meet these challenges, APEC economies must strengthen their cooperation in the development of key technologies. The ISTWG would achieve this goal through collaborative R&D initiatives, technology road mapping, technology foresight, the sharing of technological information and technology, and improvements in the clarity and transparency of regulatory frameworks affecting flows of technology and expertise. Initiatives would include APEC Technomart, with its focus on SMEs; continued support for the APEC Centre for Technology Foresight; specific projects and initiatives and projects to support the development and use of key technologies such as advanced materials, nanotechnologies, industrial biotechnology (in agreement with ATCWG on agricultural biotechnology applications), environmental technologies, information and communication technologies.

II. Connect Research and Innovation in APEC Economies

The need to strengthen connections within and across APEC economies between scientific research, the development of key technologies, and their application through innovation in the marketplace is critical to economic growth in the APEC region. The ISTWG will pursue this goal by strengthening collaboration between government, industry (especially SMEs), and the research community through development of technology diffusion initiatives which facilitate the transition from emerging technologies to their application for new industries and other socioeconomic objectives. Information flows on science and technology among member economies will be achieved through the expanded use of ASTWeb, specialized side meetings designed to bring the developers and users of S&T together, and events such as Technomart.

III. Build Human Capacity for S&T for the New Economy

In the 'New Economy', knowledge is key. Recognizing that knowledge is embodied in people, the ISTWG will work towards the continuous development of the engineers, scientists, technicians and technologies needed for APEC member economies to secure economic growth in the New Economy. Initiatives will include S&T awareness in secondary schools (APEC Youth Science Festivals); training/skills development initiatives in critical areas of industrial S&T, environment and health; gender awareness and integration; researcher exchanges/cooperation; fostering partnerships between educational institutions and industry; and adoption of distance learning technologies.

IV. Help Ensure the Prevention and Control of Infectious Diseases and Other Environmental Initiatives

The ISTWG recognizes the need to address health challenges to improved quality of life, economic growth, and trade across the APEC region, and the importance of S&T in responding to health challenges. Priority will be given to collaborative activities designed to respond to the economic and human challenges posed by select target diseases in the region – whether naturally occurring or deliberately caused — such as HIV/AIDS, tuberculosis, influenza, dengue hemorrhagic fever, hepatitis and a number of zoonotic enteric and other diseases. Emphasis will be given to the optimal use of electronic communication technologies and to the strengthening of existing regional

training mechanisms, notably in laboratory technologies and field epidemiology. Close attention will be paid to existing global and regional intergovernmental disease control activities in order to ensure that APEC actions in that regard add value and synergy to activities currently under way. Analytic capacity of the economic impact of APEC cooperation in infectious disease prevention and control will be strengthened. ISTWG activities will draw upon the APEC Infectious Disease Strategy endorsed by leaders in 2001 and addressing six main areas for cooperative activity: electronic networking, surveillance, response, capacity building, cross-sector partnerships, and political and economic leadership.

V. Addressing the Challenges of Environment and Sustainable Development through Science, Technology and Innovation

Environmental challenges of the APEC region will be addressed through science, technology and innovation within a framework of sustainable industrial development. Initiatives will include cleaner production, environmental sustainability, natural disaster mitigation, climate change, resource productivity and conservation of biodiversity (except for conservation of plant and animal genetic resources in agriculture mentioned in the action program for agricultural technical cooperation).

Steps will be taken to implement the recommendations of the Cleaner Production Task Force. In particular, ISTWG will leverage the multiple new Cleaner Production promoting organizations that APEC helped to stimulate or reinforce and continue to implement the goals of the APEC Cleaner Production Strategy through dialogue and projects. ISTWG will also explore the possibility of ISTWG delegates carrying the cleaner production message and lessons learned to other multilateral organizations (e.g., UNEP/UNIDO, APRCP¹⁰) by actively participating in events as APEC representatives.

ISTWG will continue to encourage projects and share best-practices related to mitigation technologies for natural disasters (particularly earthquake, volcanic activity and weather-related phenomena).

Innovation initiatives will focus primarily on appropriate technology, methods and tools to enable SMEs to adopt cleaner production practices. This will include cleaner supply chain management and incorporate appropriate application of advances in information technologies for design, communications, training and skills development. In this context, adoption of appropriate waste management methods will continue to be a priority with an emphasis on assisting APEC economies to improve water quality and urban air quality within a supportive legislative framework.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

ISTWG member economies will exchange views and share knowledge and experience on Industrial Science and Technology-related issues, including their own IST policies and infrastructure, in order to advance the priorities of the ISTWG and its member economies.

The ISTWG will strengthen the dialogue on the industrial S&T policies of member economies in two specific ways. Firstly, the ISTWG will continue to include a policy dialogue on the S&T policies of member economies as a standard part of ISTWG plenary meetings. Secondly, the ISTWG will explore the organization of an annual APEC S&T Policy Forum which would bring together government, universities, and the private sector to discuss best practices and policy approaches to the S&T and innovation challenges facing the APEC region.

¹⁰ United Nations Environmental Program (UNEP), United Nations Industrial Development Organization (UNIDO), Asia Pacific Roundtable on Cleaner Production (APRCP)

The ISTWG will continue to develop and strengthen indicators and statistics on the infrastructure, resources, and investments of member economies in IST and by industry sector which will assist the planning and implementation of cooperative activities.

The ISTWG will exchange information on the scientific and technological underpinnings and requirements of standards and regulations in order to promote and implement common standards across member economies in such areas as cleaner production, diseases surveillance, and environmental management. Collaboration and information sharing will be undertaken, as necessary, with the CTI Sub-Committee on Standards and Conformance, especially in regards to industrial standards systems and measurement laws.

ACTION PROGRAM FOR MARINE RESOURCE CONSERVATION

1 INTRODUCTION

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

Marine environmental degradation has significant socio-economic costs in terms of risks to human health, impacts on fisheries resources and aquaculture development, effects on resource management and regulatory activities. As populations grow and problems intensify, a highly trained workforce will be needed to ensure marine resource conservation and sustainable development.

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

2 COMMON POLICY CONCEPTS

a. Goals

- i) To seek reconciliation of economic growth with improved environmental outcomes, so as to achieve sustainable development.
- ii) To enhance trade and investment in marine products while protecting the marine environment and its resources.
- iii) To ensure continuing socio-economic benefits through maintenance of marine environmental quality.
- iv) To overcome structural barriers in order to conserve marine bio-diversity and the integrity of ocean ecosystems.

b. Strategies

- i) Development of marine resource conservation infrastructure.
- ii) Transfer of technology through capacity building, training and education.
- iii) Good technological solutions.
- iv) Informed planning through co-management.
- v) Policy and legal approaches.

c. Major issues and key initiatives

- i) Integrated ocean and coastal zone management.
- ii) Regional implementation of UNCED Agenda 21 (Oceans Chapter and other related chapters) recommendations in the APEC Region.
- iii) Marine algae toxins (Red tides/harmful algae blooms).

3 JOINT ACTIVITIES

a. Directions for joint activities

- i) To demonstrate the value of integrating environmental and gender issues into economic decision-making.
- ii) To make policy recommendations on policies, standards, certification, regulatory requirements, conformance assurance and other areas which will set the framework to aid trade and investment liberalization and facilitation under conditions that will ensure that resulting development and exploitation of resources is sustainable.
- iii) To improve the flow of information on marine resource management and conservation

to enhance APEC members' access to developments across the region.

- iv) To address both specific commodities and services in the marine resource sector that require action in order to facilitate trade and investment, and structural barriers in terms of environmental management deficiencies and transportation safety.
 - v) To set priorities, based on feasibility of attaining effective results, and potential impact on trade and investment.
- b. Policies, standards and conformance for trade in marine commodities and services**
- i) The MRCWG will review specific marine products and service sectors, and develop policy recommendations designed to enhance investment and liberalize trade in these. These will include the marine bioproducts, tourism, ocean engineering, pollution abatement, submarine mineral and energy, and fisheries and aquaculture sectors. This will include recommending a common basis for standards and conformance assurance mechanisms, where appropriate, to ensure transparency and clarity in the regulatory framework, ensure that the development and exploitation of marine resources is carried out in a sustainable manner, provide economic benefits to coastal communities, and ensure public safety.
 - ii) The MRCWG will implement a program that will provide the basis for complementary policies, standards and procedures to ensure that fisheries products entering the trade market in the APEC Region are not contaminated with algal toxins (completion 2003).

c. Structural framework to ensure sustainable development of marine resources

- i) APEC has an important role to play in developing policies, standards and conformance to safeguard the environment on which the conservation and sustainable exploitation of marine resources depends. These include areas such as management of land-based sources of pollution and critical ecosystems, energy and mineral exploration and production in the marine environment, marine transportation, and emergency response. It also provides a vehicle for economic and technical cooperation in marine environmental research, and the development of human resources associated with the application of engineering, technological and other specialized skills.
- ii) The MRCWG, on a continuing basis, will identify opportunities to promote economic and technical cooperation among members in the marine resource conservation sector, in areas such as planning and economic assessment skills, vessel design and shipboard safety equipment, spill response technology and infrastructure, pollution abatement and treatment technology, waste disposal technology, biological resource assessment, oceanography and human risk assessment, to improve the overall effectiveness of expertise and technical capacity in APEC (continuing).

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES AND ACTIVITIES

In light of the diversity of the marine resource conservation issues, dialogues will be promoted to share scientific and technical information in such areas as human resource development in management, monitoring, analysis and research among the APEC members, to identify and assess serious environmental issues, and to develop practical, action-oriented approaches to maintaining marine environmental quality, through:

- i) continuing activities of the Marine Resource Conservation Working Group;
- ii) collaboration as appropriate with other APEC bodies such as the Energy, Fisheries, Tourism and Transportation Working Groups, to avoid duplication and create synergism of common interest;
- iii) making use of existing multilateral and bilateral marine fora and developing collaboration with them if and as appropriate, to avoid duplication, to benefit from their experience, and to identify opportunities for complementary activities; and
- iv) developing relevant links with the business/private sector, for example as related to the appropriate exploitation of marine resources for commercial or tourism purposes.

ACTION PROGRAM FOR SMALL AND MEDIUM ENTERPRISES

1 INTRODUCTION

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

Role and Importance of SMEs

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

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

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

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

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

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

While SMEs are important across the APEC region, there are differences in the role of SMEs in the various economies. The SME Action Program seeks to utilize the diversity among SMEs to attain complementarities that will bring about more efficient production and greater employment opportunities, and be of mutual benefit to member economies.

2 COMMON POLICY CONCEPTS

a. Goals

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

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

- i) an SME sector that is recognised by member economies, both individually and collectively, as a key driving force contributing to economic prosperity in the APEC region, and as

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

b. Basic Principles

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

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

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

c. Priorities

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

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

- i) Human Resources Development.
- ii) Information Access.
- iii) Technology and Technology Sharing.
- iv) Financing.
- v) Market Access.

3 JOINT ACTIVITIES

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

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

I. Human Resources Development

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

a. Policy Objectives/Milestones

Member economies will expand opportunities for the development of SME human resource capabilities (i.e., entrepreneurship, business and managerial skills, technical capabilities, technology sharing, linguistic skills, understanding of different cultures, and knowledge of business practices and legal requirements in different markets) in the region by developing SME relevant training projects, as well as supporting the training conducted by SMEs themselves. Member economies will ensure that both women and men benefit from the development of SME human resources capabilities which are designed in accordance with the new challenges and opportunities brought forward by the new economy.

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

b. Action Items

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

- i) To place greater emphasis on capacity building measures relating to HRD, including a special focus on reaching women with these measures.
- ii) To inculcate the culture of entrepreneurship and business skills among the young women and men, and to work with the relevant APEC fora to integrate entrepreneurship and business skills into school curricula.
- iii) To develop the cooperation programs in accordance with the steps that have been outlined in the 2001 evolving cooperation initiative for SME and new business support.
- iv) To consider opening up the domestic training programs to member economies, on a voluntary basis, and to include a list of trainers that are available to conduct training across the APEC region.
- v) To promote enhanced skills development for new entrepreneurs and expanding consumer confidence through consumer education activities tailor-made with interested APEC member economies under the 1999 *Consumer Education and Protection Initiative*.

II. Information Access

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

a. Policy Objectives/Milestones

Member economies will promote the development of user-friendly and efficient information access systems that allow SMEs (whether owned by women or men) to gather the information they need on government policies, technology, the market, potential business partners. There are two broad

issues to consider: the role of governments as information brokers facilitating access to information, and the development of and access to information technologies that are appropriate to the needs of women and men owned SMEs,

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

b. Action Items

Member economies will take action in the area of information access to promote the development of user-friendly and efficient information access systems, and the dissemination of accurate and timely information that will meet SMEs' needs, especially in the area of Information and Communication Technology (ICT), including Electronic Commerce, as envisaged in the e-APEC strategy. Action items agreed by member economies are:

- i) To place greater emphasis on the development of infrastructure concerning ICT.
- ii) To take into account that future work program on the use of ICT and E-commerce be focused on definite sector of SMEs and to work with the relevant APEC fora in addressing this issue.
- iii) To give priority to hasten the work on strengthening the regulatory and security measures for E-commerce.
- iv) To consider contributing to the further development of the BizApec.com website.
- v) To coordinate with relevant APEC Fora including the APEC TELWG and the Electronic Commerce Steering Group in expediting the on-going work on reducing the costs of access to the Internet.
- vi) To implement the relevant recommendations arising from the 'APEC 2000 SME Electronic Commerce Workshop'.
- vii) To undertake the '2001 E-Commerce Symposium on SMEs' initiative.
- viii) To increase the supply of qualified small business counsellors by launching a 'Training and Certification Program for Small Business Counsellors' across the APEC Region.

III. Technology and Technology Sharing

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

a. Policy Objectives/Milestones

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

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

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

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

b. Action Items

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

- To take steps to train more experts and managers in the areas of technology, management and international trade, take steps to ensure that women and men have equal access to and benefit from the training.
- APEC Center for Technology Exchange and Training: to further develop and implement the program and activities for the Center's operation and sustainability as a resource centre with capabilities in: information networking; the mobilization of training opportunities for the absorption and upgrading of technical know-how; and the organization of SME-targeted activities to syndicate technology transfer projects in the spirit of intra-regional cooperation and business internationalization.

IV. Financing

SMEs do not generally have as much access to finance as large enterprises, and have inadequate information on the various sources and mechanisms to secure finance for their development in some member economies. Furthermore, there are still legal barriers to women's access to financing and ownership of assets.

a. Policy Objectives/Milestones

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

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

b. Action Items

Member economies will take action in the area of financing to improve the financing environment for SMEs and reduce SME financing costs. It is recognized that financing issues are critical concerns for all SMEs, micro enterprises, family and women-owned business. Action items agreed by member economies are:

- i) To enhance the managerial skills and capacity building of SMEs to enable them gain better access to financial and capital markets.
- ii) To establish an APEC database to disseminate sex disaggregated information on start-up companies and venture capital.
- iii) To cooperate with APEC fora including the Investment Expert Group in establishing the APEC database.
- iv) To take action to promote the development of capital markets in the region; and
- v) To engage in parallel APEC Finance Ministerial Process where policy discussion on SME finances issues occurs.

IV. Market Access

Market access is critical to the globalization efforts of SMEs and their ability to take full advantage of the post-Bogor environment. It is also recognized that appropriate policy on encouraging the growth of SMEs plays significant on strengthening and functioning of markets.

a. Policy Objectives/Milestones

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

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

b. Action Items

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

- to undertake the projects on '2001 Strategic Alliances for Better Global Supply Chain Management'; 'APEC SME Profile 2000'; 'APEC SME Business Matching and Advice Program'; 'APEC SME Business Network Promotion Forum'; '2001 Business Partnership Initiative for SMEs'; and '2001 Operational Environment of APEC SMEs after China's Accession to WTO'.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

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

Policy dialogue between members has been promoted through SME Ministerial meetings and Small and Medium Enterprises Working Group (SMEWG).

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

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

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

I. Execution and Review Mechanism

Member economies recognize the importance of evaluating and reporting on the progress and results of the implementation of the individual action items in the SME Action Program. The SMEWG will therefore continue to monitor and review action items under the SME Action Program and its differential impacts on women and men.

SME Ministers will meet from time to time, as necessary, to maintain the momentum of ongoing policy dialogue and to review progress under the SME Action Program.

ACTION PROGRAM FOR TELECOMMUNICATIONS AND INFORMATION

1 INTRODUCTION

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

2 COMMON POLICY CONCEPTS

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

a. APII Objectives

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

a. APII Principles

- i) Encouraging member economies in the construction of domestic telecommunications and information infrastructure based on their own reality.
- ii) Promoting a competition driven environment.
- iii) Encouraging business/private sector investment and participation.
- iv) Creating a flexible policy and regulatory framework.
- v) Intensifying cooperation among member economies.
- vi) Narrowing the infrastructure gap between the developed and the industrializing economies.
- vii) Ensuring open and non-discriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations.
- viii) Ensuring universal provision of and access to public telecommunications services.
- ix) Promoting diversity of content, including cultural and linguistic diversity.
- x) Ensuring the protection of intellectual property rights, privacy and data security.

a. Priorities

- i) The Ministers responsible for Telecommunications and Information directed the Working Group to develop plans to improve the information infrastructure with the aim of facilitating effective cooperation, free trade and investment, and sustainable development of the region.
- ii) The ministers directed that the TELWG expedite work in three areas:
 - trade in International Value-Added Network Services (IVANs);
 - harmonisation of Procedures for Equipment Certification;
 - mutual Recognition Arrangements for Conformity Assessment.
- iii) in addition, the TELWG project groups have the following continuing priorities:
 - promote better understanding of the telecommunications and information infrastructure and regulatory environment through data compilation activities.
 - facilitate increased trade flows through electronic commerce.

- promote the rapid construction of the Asia-Pacific Information Infrastructure.
 - promote human resources development through a series of training courses applicable to all APEC member economies.
- iv) promote technical cooperation, such as joint research and technology transfer.

3 APEC JOINT ACTIVITIES

Economies, through the TELWG, and through their own actions, will implement the Action Plan and policy principles approved by the four APEC Ministerial Meetings on Telecommunications and Information Industry.

Specifically, the economies will undertake the following:

I. Liberalisation and Investment Issues

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

- i) Conform, where appropriate, to the Guidelines on Trade in International Value-Added Network Services (IVANS) and generally conform, where appropriate, to the Guidelines on the regional Harmonization of Equipment Certification Procedures.
- ii) Continue to work to harmonize administrative procedures governing certification of customer telecommunications equipment.
- iii) Accelerate the pace of implementation of the Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment (MRA).
- iv) Foster the development of effective policies that support competitive markets in the domestic and international telecommunications and information industries.
- v) Foster discussion between business/private sector and governments on appropriate means to assess and reward the value of products and services exchanged in the provision of converged Internet services among APEC economies, consistent with the APEC Principles on International Charging Arrangements for Internet Services.
- vi) Implement, within voluntary time frames the APEC Interconnection Principles and consult on the need for further discussions on interconnection.

The following TELWG projects and activities support these objectives:

- Interconnection Task Group.
- Internet Issues Task Group.
- MRA Task Group.
- Regulatory Structures Project.
- LSG Collective Action Plan.
- Convergence Roundtable.
- MRA Support Project.
- MRA Management System.

II. Business facilitation

- i) Share information on the state of the telecommunications regulatory environment and infrastructure development in each APEC economy in order to improve business/private sector access to related policies, regulations and other information.
- ii) Work to ensure that policy and regulatory environments better foster the uptake of e-commerce.
- iii) Promote electronic commerce through seminars, studies on electronic data interchange application development, and experiments on the interoperability and suitability for electronic commerce of various networks.

The following TELWG projects and activities support these objectives:

- Electronic Commerce Seminars.
- INGECEP/Cybernet - Integrated Next Generation Electronic Commerce Environment Project.
- Electronic Commerce Capability Building.
- Cross Country Smart Card Based Secure Electronic Commerce Project.
- Electronic Authentication Task Group.
- Business requirements for interactive systems in the APEC region.
- B2B Interoperability Project.

III. Development Cooperation

- i) Work to encourage universal access to internet services, to bridge the digital divide at the domestic, regional and global levels and to cooperate and collaborate with the business/private sector in this effort.
- ii) Implement the APII Test-Bed Projects, including the demonstration projects for interoperability and inter-connectability.
- iii) Encourage the testing and dissemination of new technologies to achieve the APII.

The following TELWG projects and activities support these objectives:

- Blueprint on the Digital Divide.
- APII Cooperation Centre.
- APII Technology Centre.
- APII Test Bed Project for Interconnectivity and Interoperability.
- Techno Economic Modelling Project.

IV. Human Resource Development Activities

- i) Promote human resources development by means such as holding training courses on privatization and competition in telecommunications and information industries, and working towards a distance learning pilot project for experts in this area.
- ii) Continue personnel exchange programme in the field of telecommunications and information by encouraging more participation from member economies in order to support the implementation of APII action plan.

The following TELWG projects and activities support these objectives:

- Distance Learning Pilot Project.
- Distance Learning Strategic Needs Analysis Project.
- Distance Learning Project Based on Basic Telecommunications Technology.
- Skills Standards Project.
- MRA-HRD Project.
- APEC TEL Interconnection Training Project.
- The TELWG has adopted a Gender Integration Plan.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

The TELWG has engaged in dialogues on member economies' policies and activities since its inception in 1990. Since 1991, the working group has issued a series of publications on the state of members' telecommunications infrastructure and regulatory environment. At the TELWG meetings, members supplement these periodic publications with six-month regulatory updates, which are included in the Chairman's report.

Interconnection has been identified as an important policy issue about which member economies will exchange information. The information will be included in the TELWG's six-monthly regulatory

policy updates and in the published volumes on the state of APEC member economies. In-depth discussion of this and other policy issues, such as universal service, are planned for the near-term.

ACTION PROGRAM FOR TOURISM

1 PREAMBLE

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

2 COMMON POLICY CONCEPTS

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

- i) removing barriers to tourism movements and investment and liberalizing trade in services associated with tourism;
- ii) developing and implementing the concepts of economic, environmental and social sustainability to tourism development;
- iii) facilitating and promoting human resources development;
- iv) promoting an enlargement of the role of the private sector in tourism development, through investment opportunities, public and private joint ventures, and linkages with companies and private sector institutions;
- v) developing cooperation and programs in the areas of telecommunication, transportation, passenger facilitation, financial and other information-based services related to trade in tourism; and
- vi) sharing of information on the nature and extent of the tourism industry in the region, and member economies experience in its development.

3 JOINT ACTIVITIES

The APEC TWG's joint activities, as agreed in the Seoul Declaration on an APEC Tourism Charter at the First APEC Tourism Ministers' Meeting in July 2000, will include the following items:

I. Removal of Impediments to Tourism Business and Investment

- i) In achieving this goal, the TWG will focus its work on the completion of the TWG Project titled 'Tourism Impediments Study (Phase 1)'.

II. Increased Mobility of Visitors and Demand for Tourism Goods and Services in the APEC Region

- i) A number of TWG initiatives will contribute in progressing this Policy Goal, including the projects 'Best Business Practices in Accessible Tourism to Travelers with Restricted Physical Abilities, including Senior Citizens' and 'The Application of E-commerce in Tourism SMEs'. Other work will include the facilitation of information flows to consumers through the establishment of an 'APEC Tourism Information Network' (also under Policy Goal 4), 'Best Business Practices in Health Issues' (particularly air transportation), a *Framework for Classification of Festivals and Events* and a project focussing on the 'Improvement of Tourism Standards in the APEC region'.

III. Sustainable Management of Tourism Outcomes and Impacts

- i) The policy action plan includes the endorsement the APEC/PATA Code of Conduct for Tourism. It seeks to protect the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism. In addition, the projects, 'Training for Sustainable Development in the Tourism Industry'

and 'Public-Private Partnership for Sustainable Tourism', will contribute to the achievement of this goal.

IV. Enhanced Recognition and Understanding of Tourism as a Vehicle for Economic and Social Development

- i) The TWG will focus on the development of three projects that directly pertain to this goal: 'Best Practices on Development of Tourism Satellite Accounts (TSAs)'; the development of an 'APEC Tourism Information Network' and an 'APEC Tourism Research Network'. Work will also be undertaken, through a survey, to gauge each Economy's position in relation to the development of TSAs and to help in determining the hurdles to wider implementation of TSAs.
- ii) The TWG will continue to work with the WTO to ensure the regular collection and dissemination of tourism statistics and data within the APEC region. The TWG will also undertake an investigation into Member Economies' Tourism Forecasting Capabilities and consider options for enhancing these.

V. Other Priority Actions include:

- i) Development and updating of each member economy's Individual Action Plan for Tourism (IAP).
- ii) Agreement and implementation of a TWG Collective Action Plan for Tourism (CAP).
- iii) Pursuance of the three deliverables approved by APEC Tourism Ministers in July 2000 – 'Sustainable Management of Tourism Outcomes', 'Establishment of a Tourism Information Network' and the 'Tourism Satellite Accounts'.
- iv) Commencement of a number of other projects which will contribute to tourism development in the APEC region.

VI. Public-Business/Private Sector Cooperation

In its activities the TWG is mindful that there are a number of other organizations working to encourage tourism development in the region, including: the Pacific Asia Travel Association (PATA); the World Tourism Organisation (WTO); the World Travel and Tourism Council (WTTC); the Economic and Social Commission for Asia and the Pacific (ESCAP); and the United Nations Educational, Scientific and Cultural Organisation (UNESCO); and is, therefore, committed to working cooperatively with them to avoid duplication of efforts. The TWG is also committed to working cooperatively with other APEC working groups where areas of interest impact on tourism development.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

Through its policies and activities, the TWG will endeavour:

- i) to facilitate the roles of the business/private sector in tourism development;
- ii) to urge the realization of promoting and enlarging the role of the business/private sector in tourism industry including strengthening the role of small and medium enterprises, and
- iii) to urge initiatives of developing economies, members may consider human resource development in tourism sectors for the developing member economies.

ACTION PROGRAM FOR TRADE PROMOTION

1 INTRODUCTION

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

2 COMMON POLICY CONCEPTS

a. Goals

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

b. Basic Principles

I. Shared Responsibility

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

II. Common Interest/Common Benefit

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

III. GATT/WTO Consistency

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

IV. Equal Partnership and Mutual Respect

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

c. Priorities

- i) Promotion of trade-related activities in goods and services.
- ii) Trade financing.
- iii) Trade skills and training.
- iv) Trade information.
- v) Cooperation between the business/private sector and government agencies, including trade promotion organizations.

3 JOINT ACTIVITIES

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

I. Trade Promotion Activities

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

- i) APEC trade fairs, with sectoral focuses and the APEC Food System in mind, will be held to promote intra-regional business opportunities.
- ii) Seminars involving the business/private sector will be held to discuss common intra-regional trade issues, including specialized sessions such as sustainable development, gender integration and trade in food products.
- iii) TPOs of member economies should be represented as appropriate at WGTP meeting to enhance intra-regional linkages and cooperation.

II. Trade Financing

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

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

III. Trade Skills and Training to Foster Trade Promotion-related HRD

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

- i) Trade-related training courses/workshops/seminars will be implemented to cultivate the skills and expertise in both business and public sectors to help boost trade development in the region.
- ii) A mechanism will be developed for the exchange of trade promotion experts
- iii) Special training program will be designed to promote the gender integration in the trade promotion field.

IV. Promotion of Information Sharing to Foster a Trade Friendly Environment

Launched in 1998, APECNet features business matching services and two-way hyperlinks to the trade promotion organizations of member economies. Future enhancements will include tender announcements, franchise opportunities, joint ventures, directory of APEC trade shows and facilitating strategic alliances at the corporate level. Efforts will be made to promote the site to business/private sector. Meanwhile, in order to develop a trade-friendly environment, the Working Group will encourage the business/private sector to use BizAPEC website to get information on trade environment in each economy.

The surveys on the core characteristics of trade promotion organizations have been conducted to promote a mutual understanding among member economies, on the roles, functions, and activities of trade agencies in the APEC region.

In order to develop a trade-friendly environment, the Working Group will encourage the business/private sector to use BizAPEC website to get information on trade environment in each economy.

V. Business/Private Sector Participation in WGTP activities

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

To address the needs and concerns of the business/private sector, including SMEs, in the face of globalization and e-commerce development, close consultation with business/private sector representatives will be maintained in the process of devising and implementing WGTP work projects. Furthermore, the key participants and beneficiaries of the WGTP projects of events, besides government officials, will continue to be people from the business/private sector. A joint video-conference of government and business/private sector representatives will be held in conjunction with WGTP meeting(s) as and when necessary, in order to ensure that the experience and expertise of the business/private sector are reflected in the WGTP's activities.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

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

ACTION PROGRAM FOR TRANSPORTATION

1 INTRODUCTION

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

2 COMMON POLICY CONCEPTS

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

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

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

As a result of recommendations made by the APEC Ministers and endorsed by Leaders in their meeting in November 1994 in Indonesia, APEC Ministers in charge of Transportation met in Washington, DC, USA, in June, 1995 and adopted a Joint Ministerial Statement. That statement, together with the statement arising from the second meeting of Transportation Ministers in Victoria, BC, Canada, in June 1997, as well as the Transportation Working Group Strategic Direction adopted in November 1999, provide the basis on which the objectives, principles, and priorities for transportation for the Asia-Pacific region are drawn.

The current priorities of the Transportation Working Group, expressed by Transportation Ministers, are:

- i) To facilitate the harmonisation, coordination and transparency of transport policies, regulations, procedures and standards;
- ii) To promote timely rational investment in the region's transport infrastructure;
- iii) To encourage efficient use of existing infrastructure through the application of appropriate trade and transport facilitation techniques;
- iv) To promote transport system safety and security in the region;
- v) To promote on the basis of fair and equitable access to markets, a more competitive transportation operating environment, and to cooperate to address institutional constraints affecting the provision of transportation services in the region;
- vi) To facilitate improvement in productivity, skills and efficiency of labour and management in the transport industry.

3 APEC JOINT ACTIVITIES

Member economies, through the TPTWG, and through their own actions, will implement a range of actions aimed at achieving in the most concrete and ambitious way the priorities identified by Ministers and adopted in the Transportation Joint Ministerial Statements of 1995, 1997 and 2002. The TPTWG will also continue with projects started by the group and develop new projects that accord with Ministers statements and its strategic direction as required.

Specifically, the economies will undertake the following:

- i) Respond to the Leaders 'Auckland Challenge' of 1999, by implementing the eight steps for more competitive air services on a voluntary basis and by identifying further steps to liberalize air services in accordance with the Bogor Goals, and provide annual progress reports to Leaders through SOM;
- ii) Develop by 2005 an efficient, safe and competitive operating environment for maritime transport and the ports sector in the region through improved transparency of maritime and port policies;
- iii) Complete the 'Transportation Road Transport Harmonisation Project' and encourage the development of mutual recognition arrangements for certification of automotive product and harmonisation of economies' vehicle regulations through co-operation within the United Nations Economic Commission for Europe;
- iv) Improve by 2005 port efficiency and capacities in the region through the exchange of information and expertise among port experts and programs;
- v) Develop by 2005 guidelines, standards and provisional options associated with an integrated transport system for the improvement or elimination of 'bottlenecks' in the region;
- vi) Seek to eliminate the requirement for paper documents (both regulatory and institutional) for the key messages relevant to international transport and trade as soon as practicable by 2005;
- vii) Implement the action plan on 'Intelligent Transport Systems' (ITS) to promote co-operation in ITS technology and standards;
- viii) Continue work to address aviation and maritime safety deficiencies in the region and propose recommendations for improvement;
- ix) Develop by 2005 a plan to facilitate the implementation of satellite navigation and communications systems in the region;
- x) Implement the *Framework for the Integration of Women* in APEC and identify initiatives for the full participation of women in the transportation sector;
- xi) Continue the seafarers training project to meet seafarers' training needs in the APEC region;
- xii) Consider by 2005 measures to promote transparency in regulations, resolve differences in conformity assessment and facilitate the mobility of transport personnel by encouraging the mutual recognition of professional qualifications;
- xiii) Identify by 2005/2010 the intermodal skills needed within APEC member economies and suggest methods of developing training programmes;
- xiv) Eliminate barriers to a more competitive transportation operating environment across all modes, ensuring safe and sustainable transport complying with international safety and security standards;
- xv) Promote economic and technical cooperation especially for developing economies, to assist them in achieving the Bogor Goals;
- xvi) Promote measures, taking into account advancements in technology, to enhance safety, security, environmental protection and energy efficiency;
- xvii) Build human capacity in productivity, skills and efficiency of labor and management in the transport sector.

Additional actions will be developed and implemented by the TPTWG to continually update its efforts to achieve the objectives established in the Bogor Declaration, APEC Leaders and Ministers Statements, Transportation Ministers' Joint Ministerial Statements, and the group's Strategic Direction.

4 DIALOGUE ON MEMBER ECONOMIES' POLICIES/ACTIVITIES

The Transportation Working Group has engaged in dialogue on member economies' transportation policies and activities since its establishment in 1992. During each plenary session of the TPTWG, economies provide information on recent developments in their respective transport sectors. Economies are urged to voluntarily report the transport elements of their economies Individual Action Plans, and a link exists between the TPTWG Website and the IAPs on the APEC Secretariat Website.

The TPTWG, in conjunction with its regular meetings, conducts appropriate seminars as a forum of dialogue among member economies, including both the public and business/private sectors, on specific transportation issues aimed at identifying problems and opportunities. The TPTWG has also sought guest participation from international organisations and industry associations in the transport sector.

The APEC Transportation Ministers at their first meeting in Washington, DC, USA, stressed the need to continue a dialogue among themselves to further promote mutual understanding of transportation issues of common interest and ensure the implementation of the identified priorities for co-operation and action. Similarly in 1997, they instructed the TPTWG to increase business/private sector participation as well as involve ABAC and PECC and give careful consideration to their recommendations on transport issues. At the 3rd Transportation Ministerial Meeting, the program provided an opportunity for industry representatives from all sectors of the transportation industry to interact directly with Ministers.

ABBREVIATIONS

3Es	Economic growth, Energy security and Environmental protection
ABAC	APEC Business Advisory Council
ACTETSME	APEC Centre on Technology Exchange and Training for SMEs
ADB	Asian Development Bank
AEF	APEC Education Foundation
AFDP	APEC Finance and Development Program
AFG	APEC Financiers' Group
AFMM	APEC Finance Ministers' Meeting
AFTA	Association of South-East Asian Nations Free Trade Area
AGGI	Advisory Group on Gender Integration
ALEI	APEC Leaders Education Initiative
AMETEC	APEC Marine Environmental Training and Education Center
ANZCERTA	Australia New Zealand Closer Economic Relations Trade Agreement
AOMM	APEC Ocean-Related Ministerial Meeting
APERC	Asia Pacific Energy Research Centre
APG	Asia-Pacific Group on Money Laundering
APLAC	Asia Pacific Laboratory Accreditation Cooperation
APLMF	Asia Pacific Legal Metrology Forum
APMP	Asia Pacific Metrology Program
APRCP	Asia Pacific Roundtable on Cleaner Production
ATC	Agricultural Technical Cooperation
CAP	Collective Action Plan
CNET	Mexican National Business Council
CPDG	Competition Policy and Deregulation Group
CTI	Committee on Trade and Investment
DDA	Doha Development Agenda
EBN	EWG Business Network
EC	APEC Economic Committee
ECOTECH	Economic and Technical Cooperation
EGMS	Experts Group on Maritime Safety
EGNRET	EWG Expert Group on New and Renewable Energy Technologies
ERF	Energy Regulators' Forum
ESCAP	Economic and Social Commission for Asia and the Pacific
EWG	Energy Working Group

FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIU	Financial Intelligence Unit
FSAPs	Financial Sector Assessment Programs
FWG	Fisheries Working Group
GATS	General Agreement on Trade in Services
GFPN	Gender Focal Point Network
HLMME	High Level Meeting on Micro-enterprises
HRD	Human Resource Development
IAP	Individual Action Plan
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICT	Information, Communications Technology
IEGBM	Informal Experts Group on Business Mobility's
IFAT	Implementation Facilitation Assistance Teams
IMF	International Monetary Fund
IMO	International Maritime Organization
IPR	Intellectual Property Rights
IST	APEC Industrial Science and Technology Working
IST	Industrial Science and Technology
ITA	Information Technology Agreement
ITS	Intelligent Transport Systems
IVANS	International Value-Added Network Services
MDBs	Multilateral Development Banks
MFN	Most Favored Nation
MI	Maritime Initiative
MRA	Mutual Recognition Arrangement
MRC	Marine Resource Conservation Working Group
MSMEs	Micro-enterprises and SMEs
NAFTA	North American Free Trade Agreement
NTMs	Non-tariff Measures
OAA	Osaka Action Agenda
PAC	Pacific Accreditation Cooperation
PASC	Pacific Area Standards Congress
PATA	Pacific Asia Travel Association
PECC	Pacific Economic Cooperation Council

PEG	Ports Experts Group
PFP	Partners for Progress
PLG	Policy Level Group
PPIAF	Public Private Infrastructure Advisory Facility
R&D	Research and Development
ROSCs	Reports on the Observance of Standards and Codes
RPA	Restricted Physical Ability
RTHP	Road Transport Harmonization Project
S&T	Science and Technology
SAL	IMF's Structural Adjustment Loan
SME	Small and Medium Enterprise
SMEWG	Small and Medium Enterprises Working Group
SMMW	Ministerial Meeting on Women
SMTE	Small and Medium Tourism Enterprise
SN&C	Satellite Navigation and Communications
SOM	Senior Officials Meeting
SPAN	APEC Integrated Plan of Action for the Development of SMEs
STAR	Secure Trade in the APEC Region
TBT	Technical Barriers to Trade
TEL	APEC Telecommunications and Information Working Group
TIN	Tourism Information Network
TPMSS	Trans-Pacific Multimodal Security System
TSAs	Tourism Satellite Accounts
TTA	Training and Technical Assistance
UN	United Nations
UNEP	United Nations Environmental Program
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNIDO	United Nations Industrial Development Organization
UNSCR	United Nations Security Council Resolutions
VAP	Voluntary Action Plan
WB	World Bank
WG	APEC Working Group on Electronic Financial Transactions Systems
WG	Working Group
WGTP	Working Group on Trade Promotion
WIPO	World Intellectual Property Organization
WLN	Women Leaders Network

WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council