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FOREWORD

Welcome to the May 2003 edition of *Update of Activities for APEC*.

In recent months the global economy has been facing a number of complex and serious challenges. Proving the resilience of the Asia-Pacific regional economy will be a key task confronting the APEC process for the coming year.

The impact of recent international political events and ongoing threats of terrorism have loomed large for APEC economies and the added effect of the recent outbreak of SARS on the regional economy is now becoming readily apparent. The economies most badly affected by SARS have been APEC members with other APEC members being close neighbours. The economic impact of the disease has already been sufficiently severe to cause some APEC economies to make downward adjustments to their growth forecasts for the year.

APEC is already taking strong collective action to mitigate the regional economic fallout of SARS, and APEC Trade Ministers and Health Ministers are concentrating on putting in place strategies to rebuild business confidence and minimize further damage to the economies and communities of the region and the rest of the world. These measures will build on a strategy already agreed by APEC leaders in 2001 which provides a framework to guide APEC responses to emerging infectious diseases and ensure complementarity with global efforts.

One of the most important roles APEC can play in overcoming emerging threats to the economic growth and prosperity of the region is to continue with its existing programmes to accelerate structural reform, strengthen markets across the region and promote financial stability and crisis prevention. The programmes and activities outlined in this publication show how APEC works in all sectors to help strengthen the regional economy and increase protection against short-term risk factors.

The publication also highlights the continued strong emphasis placed by APEC on capacity building activities to assist developing economies to take advantage of the benefits of trade and investment liberalisation through expansion of the knowledge based economy and the building of social safety nets. Other key topics covered include sustainable development, APEC cooperation with the private sector and important newer areas of focus for APEC such as its counter-terrorism work.

The Update has been newly reformatted to make it easier for users to move between sections and to find the items of most immediate interest to them. We hope you will find the new indexing helpful. We remind readers that the main APEC website www.apecsec.org.sg offers an additional source of information on developments, issues and work programmes within APEC. Links to APEC fora websites are also provided to cater to those with sectoral and specialised interests.

We invite you also, to visit the Thailand APEC 2003 website www.apec2003.org for more detailed information and background on meetings and events being hosted there this year.



Piamsak Milintachinda
Executive Director
APEC Secretariat

INTRODUCTION

Update of Activities

The *Update* provides a concise summary of APEC's activities undertaken by its various committees, sub-committees, working groups, expert groups and special task groups. This first section highlights information about the APEC process, including goals, functions, key stakeholder involvement, action plans and themes for 2003. If you are new to the APEC process, this first section will provide valuable background information before reading the specific updates provided in later sections.

The rest of the *Update* provides specific information about key APEC activities focusing on sectoral cooperation and policy coordination. The information is divided into the APEC groups responsible for each issue. Each entry covers the objectives of the group, latest developments, key outcomes and contact information for further information. Additional information about APEC groups and key issue areas is available on the APEC Secretariat website at www.apecsec.org.sg.

Introducing APEC

Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.

APEC has 21 members – referred to as “Member Economies” – which account for more than 2.5 billion people, a combined Gross Domestic Product of 19 trillion US dollars and 47% of world trade. It also proudly represents the most economically dynamic region in the world; an area which generated nearly 70% of global economic growth in the first 10 years of APEC.

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

Role and Goals

APEC was established in 1989 to further enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community.

Since its inception, APEC has worked to reduce tariffs and other trade barriers across the Asia-Pacific region, creating efficient domestic economies and dramatically increasing exports. Key to achieving APEC's vision are what are referred to as the 'Bogor Goals' of *free and open trade and investment in the Asia-Pacific by 2010 for developed economies and 2020 for developing economies*. These goals were adopted by Leaders at their 1994 meeting Bogor, Indonesia.

Free and open trade and investment helps economies to grow, creates jobs and provides greater opportunities for international trade and investment. In contrast, protectionism keeps prices high and fosters inefficiencies in certain industries. Free and open trade

helps to lower the costs of production and thus reduces the prices of goods and services – a direct benefit to all.

APEC also works to create an environment for the safe and efficient movement of goods, services and people across borders in the region through policy alignment and economic and technical cooperation.

How APEC Operates

APEC operates as a cooperative, multilateral economic and trade forum. It is unique in that it represents the only intergovernmental grouping in the world committed to reducing trade barriers and increasing investments without requiring its members to enter into legally binding obligations.

The forum succeeds by promoting dialogue and equal respect for the views of all participants and making decisions based on consensus to achieve its free and open trade and investment goals.

Every year one of the 21 APEC Member Economies plays host to the major APEC meetings and serves as the APEC Chair. The APEC host economy is responsible for chairing the annual Economic Leaders' Meeting, selected Ministerial Meetings, Senior Officials' Meetings, the APEC Business Advisory Council and the APEC Study Centres Consortium amongst others and also fills the Executive Director position at the APEC Secretariat.

APEC's working level activities and projects are guided by APEC Senior Officials from the 21 APEC Member Economies. These activities and projects are implemented by four high level committees –

- Budget and Management Committee
- Committee on Trade and Investment
- Economic Committee
- Senior Officials' Committee on Economic and Technical Cooperation

Sub-Committees, Experts' Groups, Working Groups and Task Forces all support the activities and projects led by these four high level committees. Updates from all of these groups are provided in this publication.

Through the APEC process, Member Economies take individual and collective actions to open their markets and promote economic growth.

APEC Secretariat

The APEC Secretariat is based in Singapore and operates as the core support mechanism for the APEC process. It provides coordination, technical and advisory support as well as information management, communications and public outreach services.

The APEC Secretariat performs a central project management role, assisting APEC Member Economies and APEC fora with overseeing more than 230 APEC-funded projects. APEC's annual budget is also administered by the APEC Secretariat. In addition to these functions, the APEC Secretariat is currently developing a new core website to provide the public with easier access to the information and resources developed by APEC.

The APEC Secretariat is headed by an Executive Director and a Deputy Executive Director. These positions are filled by officers of Ambassadorial rank from the current and incoming host economies respectively. The positions rotate annually. For 2003, the Executive Director is Ambassador Piamsak Milintachinda from Thailand and the Deputy Executive Director is Ambassador Mario Artaza from Chile.

The APEC Secretariat is staffed by a small team of approximately 20 Program Directors, seconded from APEC Member Economies. Around 25 permanent staff fulfill support functions at the APEC Secretariat.

Key Action Plans

Osaka Action Agenda

In order to meet APEC's free and open trade and investment goals, APEC Member Economies follow the strategic roadmap agreed by APEC Economic Leaders in 1995 in Osaka, Japan. This roadmap is known as the *Osaka Action Agenda*. This agenda provides a framework for meeting the 'Bogor Goals' through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues and economic and technical cooperation. As part of this framework, General Principles have been defined for Member Economies as they proceed through the APEC liberalisation and facilitation process.

The following General Principles are provided in the *Osaka Action Agenda* and are applied to the entire APEC liberalisation and facilitation process –

- *Comprehensiveness* – addressing all impediments to achieving the long-term goal of free and open trade.
- *WTO-consistency* – measures undertaken in the context of the APEC Action Agenda are consistent with the principles of the World Trade Organization (WTO).
- *Comparability* – APEC Member Economies endeavor to have comparable trade and investment liberalisation and facilitation, taking into account the general levels achieved by each APEC economy.
- *Non-discrimination* – reductions in barriers to trade achieved through APEC are available to all APEC Member Economies and non-APEC economies.
- *Transparency* – the laws, regulations and administrative procedures in all APEC Member Economies which affect the flow of goods, services and capital among APEC Member Economies are transparent.
- *Standstill* – APEC Member Economies do not take measures which have the effect of increasing levels of protection.
- *Simultaneous start, continuous process and differentiated timetables* – APEC Member Economies began simultaneously the process of liberalisation, facilitation and cooperation and continuously contribute to the long-term goal of free and open trade and investment.
- *Flexibility* – APEC Member Economies deal with the liberalisation and facilitation process in a flexible manner, taking into account differing levels of economic development.
- *Cooperation* – Economic and technical cooperation contributing to liberalisation and facilitation is actively pursued.

Individual Action Plans (IAPs)

APEC Member Economies report progress towards achieving the free and open trade and investment goals through *Individual* and *Collective Action Plans*, submitted to APEC on an annual basis.

Individual Action Plans record actions taken by each Member Economy to meet its stated goals for free and open trade and investment. APEC Member Economies set their own timelines and goals, and undertake these actions on a voluntary and non-binding basis.

As specified in the *Osaka Action Agenda*, reporting is based on 15 issue areas –

- Tariff
- Non-tariff measures
- Services
- Investment
- Standards and Conformance
- Customs Procedures
- Intellectual Property
- Competition Policy
- Government Procurement
- Deregulation/Regulatory Review
- WTO Obligations (inc. Rules of Origin)
- Dispute Mediation
- Mobility of Business People
- Information Gathering and Analysis

Each year, several APEC Member Economies volunteer to have their IAPs reviewed. Known as Peer Reviews, this process involves a formal review team considering each volunteer economy's IAP. The process includes experts conducting independent on-site research and analysis and the involvement of the independent private sector body, the APEC Business Advisory Council (ABAC).

Collective Action Plans (CAPs)

Collective Action Plans (CAPs) detail the collective actions of all APEC Member Economies in the 15 issue areas outlined in the *Osaka Action Agenda*. The 15 issue areas mirror those detailed in the Individual Action Plans.

CAPs are used by APEC to outline actions and objectives to meet the free trade and investment goals, as well as to monitor and report on progress.

Stakeholder Participation

Strong and vibrant economies are not built by governments alone, but by partnerships between government and its key stakeholders including the business sector, industry, academia, policy and research institutions, and interest groups within the community. APEC actively involves these key stakeholders because it welcomes participation that –

- Facilitates the attainment of APEC goals through appropriate partnerships,
- Strengthens the quality of APEC's work by drawing on relevant insight and expertise, and
- Strengthens understanding and support for APEC's goals through openness, transparency and broad-based partnership that seeks multiple perspectives from the community.

In general, non-member economies, organisations, business/private sector representatives, academic bodies and other experts may apply or be invited to APEC activities subject to guidelines.

Business Participation

If a country's human and physical capital is the engine behind economic growth and development, the business community is the fuel for this engine. APEC fully appreciates the important role that business plays in any economy and involves the international business community at all levels of the APEC process. At the highest level, APEC Economic Leaders communicate through annual meetings with the APEC Business Advisory Council (ABAC). ABAC comprises high-level business people from all 21 Member Economies, including representatives of the Small to Medium Enterprises sector.

At the working level, representatives from the private sector are invited to join APEC working groups and expert groups. This process provides an important opportunity for industry to provide input into various areas of APEC's ongoing work.

Academic and Research Institution Participation

Through the APEC Study Centres (ASC) Consortium, APEC Member Economies actively engage academic and research institutions in the APEC process. Amongst a range of key activities, the ASC Consortium facilitates cultural and intellectual exchanges in the Asia-Pacific region and assists the APEC process by undertaking advanced collaborative interdisciplinary and policy-relevant research from an independent and long-term perspective. There are ASCs in 19 APEC Member Economies, comprising 100 universities, research centres and centres of academic excellence across the APEC region.

Academics and research institutions also participate in the working level of APEC through meetings, seminars and other activities.

Women's Participation

For a number of years, APEC has actively sought the input and participation of women in the APEC process. Currently, the Gender Focus Point Network, which comprises members from all 21 APEC Member Economies, encourages the consideration of gender issues within APEC. All APEC projects and activities are carefully monitored to ensure that gender issues are considered.

2003 Themes

The APEC host economy, in consultation with other Member Economies, develops themes to guide the activities of APEC for that year.

For the APEC Thailand 2003 year, the theme is –

- *A World of Differences: Partnership for the Future*
Bringing together individual strengths of all APEC members to raise regional economic prosperity and making a meaningful contribution towards the World Trade Organization process are the overarching goals of the 2003 APEC Year chaired by Thailand.

As the APEC region moves towards the Bogor Goals of free and open trade and investment for developed economies by 2010 and for developing economies by 2020, the diversity of the APEC region has been identified as its strength for the future.

This central theme is further developed by a series of sub-themes to guide APEC's Working Groups and Forums in achieving their specific goals for 2003 –

- *Knowledge-Based Economy (KBE) for All*
KBE is the foundation of economic growth in the APEC region. Thailand is calling for APEC to continue its work in support of the knowledge-based economy, maximising the combined potential of information and communications technology, human resource development and a conducive legal and regulatory framework.
- *Promoting Human Security*
Empowering communities to become active and self-reliant in the regional economy is the essence of promoting human security within the APEC context. As the region moves towards the Bogor Goals, the process of change must be properly coordinated and social safety nets strengthened to ensure that economic and social opportunities are accessible to all stakeholders.
- *Financial Architecture for a World of Differences*
Reducing vulnerabilities while enhancing investment and trade between the differing social systems and economies requires sound and compatible market based systems and infrastructure. Attention to best practices of financial regulations and corporate governance is applicable to all economies regardless of the level of economic development.

- *New Growth Enterprises: SMEs and Micro-Businesses*

There is an abundance of untapped entrepreneurial capacity in the APEC region. Encouraging business start-ups and reducing red-tape to make it less complicated and less costly for small to medium businesses to trade across borders will make local economies stronger and create jobs.

- *Act on Development Pledge*

The future prosperity of the APEC region depends on the dedication of APEC economies to set strategy and implement plans of action to meet regional and global pledges. It is crucial for economies to support the APEC process by implementing commitments they have made to the global economy through forums such as the World Trade Organization.

General Enquiries

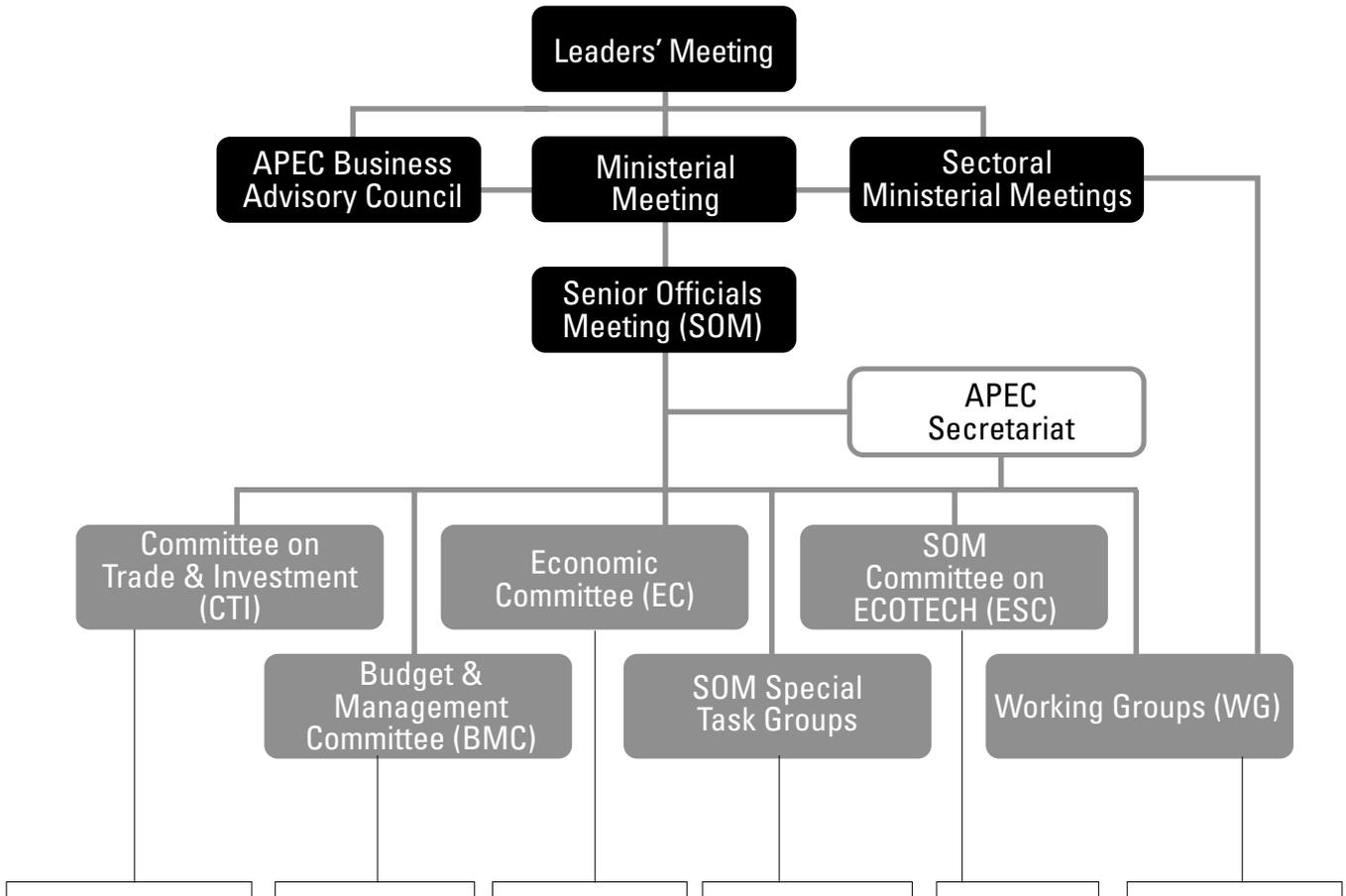
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Contact details for officials in APEC Member Economies can be found in the APEC Contacts section of the *Update*.

APEC STRUCTURE



• since 1994, predecessor RTL from 1992

Sub-committees/Experts Groups:

- Sub-Committee on Standards & Conformance
- Sub-Committee on Customs Procedures
- Market Access Group
- Group on Services
- Investment Experts Group
- Intellectual Property Rights
- Government Procurement
- Mobility of Business People
- Competition Policy/Deregulation
- WTO Capacity Building
- Strengthening Economic Legal Infrastructure

• since 1994 (called BAC before 1999)

• since 1995, predecessor ETI 1991

Sub-group

- EC Outlook Taskforce

- Steering Group on E-commerce (since 1999)
- Counter Terrorism Task Force
- Gender Focal Point Network

• since 1998

Sub-group

- Group on Economic Infrastructure, disbanded in 2002

- Energy (since 1990)
- Fisheries (since 1991)
- Human Resources Development (since 1990)
- Industrial Science and Technology (since 1990)
- Marine Resources Conservation (since 1990)
- Telecommunications & Information (since 1990)
- Trade Promotion (since 1990)
- Transportation (since 1991)
- Tourism (since 1991)
- Agricultural Technical Cooperation
- Small & Medium Enterprises
- Trade & Investment Data (since 1990, disbanded in Nov 1998)

| Sectoral Ministerial Meetings | |
|--|--|
| • Education | 1992, 2000 |
| • Energy | 1996, 1997, 1998, 2000, 2002 |
| • Environment Sustainable Development | 1994, 1996, 1997 |
| • Finance | 1994 and annually |
| • Human Resource Development | 1996, 1997, 1999, 2001 |
| • Regional Science & Technology Co-op | 1995, 1996, 1998 |
| • Small & Medium Enterprise | 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002 |
| • Telecommunications & Information Ind | 1995, 1996, 1998, 2000, 2002 |
| • Trade | 1994, and annually from 1996 |
| • Transportation | 1995, 1997, 2002 |
| • Women's Affairs | 1998, 2002 |
| • Tourism | 2000, 2002 |
| • MRC/FWG | 2002 |



ACTIVITIES OF APEC FORA

BUDGET AND MANAGEMENT COMMITTEE

The Budget and Management Committee (BMC) advises the Senior Officials' Meeting (SOM) on budgetary, administrative and managerial issues. Its key responsibility is to prepare the budget for APEC and recommend the approval of projects. The BMC also monitors and evaluates project management aspects of the operations of Committees and Working Groups and makes recommendations to SOM for improved efficiency and effectiveness. The BMC meets twice a year, usually at the end of March and July.

Trade and Investment Liberalisation and Facilitation Special Account

Cooperative projects in support of trade and investment liberalisation and facilitation (TILF) which aim to assist APEC Member Economies to meet the free trade and investment goals, are funded by the TILF Special Account.

In 1995 at the APEC Economic Leaders' Meeting, Japan expressed its intent to contribute up to 10 billion yen over several years to the APEC Central Fund to fund projects which expand cooperative programmes, encouraging trade and investment liberalisation and facilitation. Japan also expressed its view that other APEC Member Economies should actively engage in cooperation in the future. The TILF Special Account has been established to accommodate such contributions.

Latest Developments

Guidebook on APEC Projects

The Guidebook on APEC Projects provides direction on managing the financial aspects of APEC projects, including reporting and evaluation. In October 2002, the 5th Edition of the Guidebook on APEC Projects was released, containing the latest updates from the BMC.

BMC - Key Contacts

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COMMITTEE ON TRADE AND INVESTMENT

The Committee on Trade and Investment (CTI) works to reduce impediments to business activity in 15 key areas outlined in the *Osaka Action Agenda* – tariff and non-tariff measures, services, standards and conformance, customs procedures, intellectual property rights, competition policy, government procurement, deregulation, rules of origin, dispute mediation, mobility of business people and implementation of World Trade Organization (WTO) obligations.

In addition to its ongoing work in the 15 key issue areas, the CTI meets three times a year and provides a forum for APEC's 21 Member Economies to discuss trade and policy issues.

Specific issues are addressed by Sub-Committees and Experts' Groups under the direction of CTI and updates of these issue areas are provided in the subsequent sections of the *Update*.

Latest Developments

Strengthening the Multilateral Trading System

APEC supports an open, rules-based multilateral trading system in the WTO, which benefits both developing and developed economies, enabling them to trade more effectively. The CTI provides capacity building support to APEC Member Economies which require institutional training and knowledge to take full advantage of the WTO process.

Recent outcomes include-

- The Workshop on *Trade and Environment: Helping to Make 5th WTO Ministerial Conference a Success* in Bangkok on 18- 19 May 2003.
- Conclusion of the Trade Policy Dialogue session on *Trade Facilitation in the World Trade Organization (WTO)*.
- The *APEC Strategic Plan for WTO-Capacity Building* was recently developed which includes the development of seven additional projects to assist developing economies with effective implementation of WTO agreements.
- The *APEC-WTO Capacity Building* website was launched which outlines the WTO-related capacity building programmes available to APEC Member Economies.

APEC Trade Facilitation Action Plan

The *APEC Trade Facilitation Action Plan* provides the framework and schedule for the implementation of actions and measures to meet APEC's trade facilitation objectives. The objectives are outlined in the *Shanghai Accord* and include the aim of substantially reducing transaction costs to business. The Plan also includes a menu of concrete actions and measures developed by APEC Member Economies in consultation with the private sector. The menu is intended to provide examples of the types of measures that each APEC Member Economy may wish to undertake from 2003 onwards.

Developments include –

- To date, 18 APEC Member Economies submitted to the CTI at the Senior Officials' Meeting the actions and measures from the menu that they will implement this year and beyond.
- The CTI has also started to explore how the benefits of selected trade facilitation actions and measures, particularly on the reduction in transaction costs, may be assessed and quantified.

APEC Statement to Implement Transparency Standards

This statement demonstrates that APEC is committed to the implementation of transparency standards to help provide business and investors comprehensive and clear information on the rules and regulations of each APEC Member Economy. APEC Member Economies are currently engaged in discussions to map out a strategy of the work APEC will need to undertake to ensure smooth implementation of the Transparency Standards.

Collective Action Plans

Collective Action Plans (CAPs) detail the collective actions of all APEC Member Economies in the 15 issue areas outlined in the *Osaka Action Agenda*. CAPs are used by APEC to outline actions and objectives to meet free trade and investment goals, as well as to monitor and report on progress. Recent outcomes include -

- Implementation and enhancement of CAPs to ensure that these plans assist APEC to meet its goals.
- On-going review of the implementation of CAPs to ensure that they are effective.

Establishment of a Life Sciences Innovation Forum

APEC Economic Leaders decided in 2002 to establish a life sciences innovation forum comprising government, private sector, and academia representatives to develop a strategic plan for life sciences innovation in the region. The Forum seeks to promote life-sciences innovation in support of human health in the region and at the same time support the overall APEC trade and investment agenda. Recent outcomes include -

- Terms of Reference for establishing the Forum were approved by CTI in February. This will be the 3rd public-private industry-specific dialogue in the CTI.
- The inaugural meeting will take place in August.

APEC Pathfinder Initiatives

APEC uses an approach known as Pathfinder Initiatives to enable groups of Member Economies to pilot the implementation of cooperative initiatives prior to their adoption by all APEC Member Economies. This approach allows APEC Member Economies who are ready and willing to commit to move faster in specific areas to do so and is seen as a way to invigorate progress towards the free trade and investment goals.

APEC Economic Leaders endorsed several Pathfinder Initiatives in 2002, including some relating to trade and investment liberalisation and facilitation. These were –

- Unilateral Advance Passenger Information Systems.
- Revised Kyoto Convention on the Simplifications and Harmonisation of Customs Procedures.
- Mutual Recognition Arrangement of Conformity Assessment on Electrical and Electronic Equipment Parts II and III.
- Electronic SPS certificates.
- Electronic Certificates of Origin.
- Statement to Implement the APEC Policies on Trade and the Digital Economy.

Strengthening Economic Legal Infrastructure (SELI)

APEC works to build capacity in the area of economic legal infrastructure, including regulatory and institutional reforms and corporate governance. Work in this area focuses on assisting members to improve legal infrastructure and encouraging open market policies to achieve maximum and sustained economic growth in the region. Developments include –

- APEC Member Economies considered the draft of the tasking list for the SELI group including broadening the *Osaka Action Agenda* and the *Individual Action Plan* Template for SELI.
- Japan and Canada put forward project proposals on *Overview of APEC Survey Project on Insolvency Law* and *International Instruments Useful for the APEC Region*, respectively.
- Australia plans to run three commercial laws seminars on *Intensive Training in Commercial Laws* in Indonesia, People's Republic of China and Thailand in 2003.
- Implementation of the self-funded project on *Intensive Training in Commercial Laws*.
- Completion of the *APEC Economic Legal Infrastructure Symposium*, which focused on recent developments in the area of economic laws especially on "corporate laws" and "insolvency laws" and on discussing their implementation and enforcement.
- Implementation of the *APEC Training Program on Competition Policy* programme. The main objective of this Program was to implement *APEC Principles to Enhance Competition and Regulatory Reform*.

Brief History

The Committee on Trade and Investment was established in November 1993 by the *Declaration of an APEC Trade and Investment Framework*. The scope of CTI's work was expanded and further clarified by the *Osaka Action Agenda* in 1995.

CTI – Key Contacts

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Tariff and Non-Tariff Measures

Tariff and non-tariff measures (NTMs) are two of the 15 specific areas outlined in the *Osaka Action Agenda* through which APEC Member Economies are working to eliminate tariff and non-tariff barriers to trade. Elimination of these barriers will help APEC to achieve the *Bogor Goals*, encourage greater trade and investment flows and create new business opportunities and jobs in the Asia-Pacific region.

The Market Access Group (MAG), which reports to the Committee on Trade and Investment, is responsible for APEC's work on tariffs and NTMs. MAG addresses tariff and NTMs to support the WTO and to facilitate trade through information sharing and projects that build on the existing knowledge-base of the group and its capacity for trade analysis.

Latest Developments

At its recent meeting in Chiang Rai in February 2003, MAG members –

- Shared information on Regional Trade Agreements (RTAs) and Free Trade Agreements.
- Agreed to develop transparency provisions for the Group.
- Focused on planning for the capacity building workshop on *Quantitative Methods for Assessing NTMs and Trade Facilitation* which will be held in Bangkok on 8-10 October 2003.
- Agreed to conduct a trade policy dialogue on market access concerns of SMEs.
- Agreed that there should be a role for MAG in confidence building and advocacy on NTMs, including working with other APEC fora to promote their work. A project will be developed on analysis of NTMs based on this approach for members' consideration.

NTMs, RTAs and trade facilitation will be key issues for consideration by MAG in 2003. MAG members will be endeavouring to find niche approaches to advance initiatives in these areas to achieve more open markets and to support the WTO Doha round of negotiations.

Other developments from the meeting in Chiang Rai included -

- Delivery of a case study report on *Breaking Down the Barriers* as well as the Australian report *APEC Economies: Realising the Benefits of Trade Facilitation*. The Convenor suggested that a further study be undertaken in 2004 utilising case studies to quantify the benefits of trade facilitation to small and medium-sized enterprises (SMEs).

- Australia, Canada, Chile, China, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, the Philippines, Singapore, Chinese Taipei, and the United States delivered short presentations outlining their individual approaches to RTAs, including background on proposed and current RTAs. A compilation of the presentations will be available on the MAG section of the APEC website.
- MAG noted the importance of marketing the APEC Tariff Database, which contains valuable tariff data for the Asia-Pacific region. In response, the APEC Secretariat is improving access to this database through the revamped APEC website, which will be launched later this year. The APEC Tariff Database will also continue to be promoted through the APEC Secretariat's business outreach programme.

MAG welcomed Mr David Garner, from the Australian Department of Foreign Affairs and Trade as the new Convenor for MAG.

Key Outcomes

MAG continues to provide up-to-date data and information for the WTO Integrated Database and the MAG section of the APEC website. These sites provide useful information to business about tariffs and NTMs. MAG also continues to maintain the APEC Tariff Database, which provides an easy way to access tariff information on APEC Member Economies.

An electronic MAG newsletter called *MAG-net* was launched and is accessible on the MAG section of the APEC website in early 2003. The newsletter will be circulated twice a year to MAG members, business, academic and other audiences.

At Los Cabos, Mexico, in October 2002, APEC Ministers and Economic Leaders agreed on a range of substantial measures to counter terrorism. They also encouraged progress in the WTO Doha Round of trade negotiations, including agreeing to abolish all forms of agricultural export subsidies, as well as agreeing to a *Trade Facilitation Action Plan* to reduce transaction costs by 5% by 2006.

In 2002, MAG focussed on measures to assist preparations for the new round of WTO negotiations (launched at Doha, Qatar, in 2001) by providing up-to-date data to the WTO Integrated Database and reporting on trade facilitation initiatives in the region through the report, *Realising the Benefits of Trade Facilitation*. During the year, MAG held trade policy dialogues on non-tariff measures (NTMs), involving presentations from the WTO and OECD, and on APEC Member Economies' individual approaches to domestic consultations on WTO issues.

Brief History

The Market Access Group (MAG) was established in 1998 by the Committee for Trade and Investment (CTI) to handle the CTI's work on tariffs and NTMs. The MAG is designed to work through its three regular meetings of the year held in the margins of the three formal Senior Officials' Meetings.

NTMs – Key Contacts

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Services

The services sector generates significant economic growth, trade and investment in the Asia-Pacific region. This sector is also a significant employer of people in the region. To encourage further growth and development in this sector, APEC's Group on Services (GOS) works on trade and investment liberalisation and facilitation issues related to trade in services, and coordinates APEC's work in this area. GOS works in close collaboration with four service-related Working Groups – Telecommunications and Information, Transportation, Tourism and Energy.

Latest Developments

GOS is continuing to exchange information related to the WTO services negotiation in order to help APEC Member Economies to participate actively in that negotiation and at the same time to contribute to the progress of international trade in services.

GOS is currently working on Phase III of its Menu of Options for Voluntary Liberalisation and Facilitation, and Promotion of Economic and Technical Cooperation in Services Trade. The Menu of Options will provide an organisational framework for GOS and will set out a list of measures for APEC Member Economies to use in their Individual Action Plans.

The latest work undertaken on the Menu of Options includes a discussion on what constitutes good regulations for services and a review of the regulatory impact of services.

GOS has just launched a study project on the *Cost and Benefit of Services Trade Liberalisation*, which will provide policy makers with useful information about the value of undertaking liberalisation of services trade. Additionally, the study will provide information about the economic and supervisory conditions that must be developed to provide reasonable assurance that liberalising trade in services will be beneficial to people in APEC Member Economies while providing domestic service providers with an opportunity to be competitive with imported service providers.

GOS has also started work on developing a substantive list of experts in services trade in APEC Member Economies.

Key Outcomes

GOS recently finished Phase II of the Menu of Options in 2001, which included a list of measures APEC Member Economies could undertake to liberalise trade in services. The Menu of Options is designed to not only help APEC Member Economies to liberalise services trade but to also promote economic and technical cooperation in services trade.

From 2002 onwards GOS has been working on Phase III of the Menu of Options.

Brief History

The Group on Services was established in 1997 by the Committee on Trade and Investment (CTI) as a subgroup to address trade and investment liberalisation and facilitation tasks in the area of services.

SERVICES

Services – Key Contacts

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Investment

Investment is integral to economic growth and development in the Asia-Pacific region. To encourage and facilitate free and open investment in the region, the Investment Experts' Group (IEG) assists the Committee on Trade and Investment to achieve the investment-related components of APEC's liberalisation and facilitation agenda.

Latest Developments

Thailand will host the fourth *APEC Investment Mart* from 16–21 October 2003 under the theme, *Asia-Pacific – Invest with Confidence, Benefit from Diversity*. It will provide opportunities for networking and industrial linkages between business and investors. The event will showcase the economic potential, industrial technological advances and investment opportunities of APEC Member Economies in order to stimulate investment in the Asia-Pacific region.

The *APEC Investment Guidebook* will be updated in 2003, providing business and government with information on investing in the Asia-Pacific region. The current version of the Guidebook is available on the APEC website.

Key Outcomes

The 3rd *APEC Investment Mart* was held in Vladivostok, Russia from 9–12 September 2002. Conferences within the Investment Mart included, *Experiences of APEC economies in Creating Favourable Conditions for Investing in Small Business* and *Investment Possibilities of Regions of Russia*. This event was well attended and provided investors and business with opportunities to meet and exchange information, encouraging investment in the region.

Under the theme, *Investment Development in the APEC Region in the age of Globalisation*, the 7th *APEC Investment Symposium* was held in Vladivostok, Russia on 4–7 September 2002. The Symposium focused on determining impediments to investment flows and working out means to eliminate these impediments. Experiences were also exchanged on attracting investment and work was carried out on collective recommendations on practical aspects of investment policies.

The IEG also completed *A review on Cross Border Mergers and Acquisitions* in November 2002.

Brief History

The Committee on Trade and Investment established the IEG in 1994 to develop a set of Non-binding Investment Principles. In 1995 the IEG was reconvened to provide advice to the CTI on investment issues and to develop the *Osaka Action Agenda*.

Investment – Key Contacts

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Standards and Conformance

The Sub-Committee on Standards and Conformance (SCSC) assists the Committee on Trade and Investment to achieve the standards and conformance related components of APEC's trade and investment liberalisation and facilitation agenda. This agenda includes the reduction of negative effects on trade and investment flows caused by differing standards and conformance arrangements in the region. The agenda also involves further developing open regionalism and market-driven economic interdependence through a number of activities including encouraging greater alignment of APEC Member Economies' standards with international standards.

Ultimately, more harmonised standards and conformance will improve the efficiency of production and facilitate the conduct of international trade, resulting in more rapid trade flows, reduced costs and greater integration of production networks in the region.

Latest Developments

At the first SCSC meeting in February 2003, the Work Programme for the year 2003 was discussed and adopted. The main areas in which the SCSC is working collectively are –

- Alignment of Member Economies' standards with International Standards,
- Recognition of Conformity Assessment in the Regulated Sector,
- APEC Mutual Recognition Arrangements (MRAs),
- Related Arrangements and Recognition of Conformity Assessment in the Voluntary Sector, and
- Technical Infrastructure Development.

The SCSC will also consider how to respond to APEC Economic Leaders' calls for APEC Transparency Standards with regard to standards and conformance.

The SCSC will also contribute information to the WTO Agreement on Technical Barriers to Trade and Sanitary and Phytosanitary Measures.

One of the new items to be considered in 2003 is the effect of standards and conformance on Small and Medium Enterprises. In order to reduce the compliance costs for SMEs, SCSC will discuss options in the SCSC II meeting in May 2003. The lead shepherd of SME Working Group will be involved with this meeting.

Another important issue is cooperation between regulators and authorities in charge of standards and conformance. The SCSC has requested that APEC Member Economies recommend regulators to participate in the discussion later this year.

Key Outcomes

In the 10th APEC Economic Leaders' Declaration, *Parts II and III of APEC MRA on Conformity Assessment of Electrical and Electronic Equipment (EEMRA)* was adopted as a Pathfinder Initiative. APEC Member Economies are encourage to participate in this initiative.

The SCSC also made a presentation in March 2003 of its activities on technical infrastructure development to the WTO/ Technical Barriers to Trade Committee.

Brief History

The SCSC was established in 1994 and contributes to trade and investment liberalisation and facilitation through technical areas of standards and conformance.

INVESTMENT
STANDARDS AND
CONFORMANCE

SCSC – Key Contacts

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Customs Procedures

The Sub-Committee on Customs Procedures (SCCP) aims to simplify and harmonise regional customs procedures to ensure that goods and services move more efficiently, effectively and safely through the region. The work of the SCCP supports APEC's Trade and Investment Liberalisation and Facilitation (TILF) agenda.

The business community directly benefits from the work of the SCCP. Business confidence has increased and transaction costs have reduced as a result of the SCCP's work to increase consistency, transparency and simplification of customs procedures.

Latest Developments

During its first meeting in February 2003, the SCCP agreed on a strategy to enhance counter-terrorism cooperation in specific areas, by –

- Promoting the adoption and application of *Customs Mutual Assistance Agreements*.
- Implementing appropriate Collective Action Plan (CAP) items to increase the ability of customs administrators to effectively administer customs laws.
- Enhancing the use of existing customs communications networks, including those of international organisations such as the World Customs Organization, to more effectively enforce laws to counter terrorism while minimising the impact on the flow of trade.

Communication and cooperation between customs and the business sector will be promoted through the *2003 APEC Customs Business Dialogue*, which will be held in Thailand on 11–12 August 2003. It is anticipated that approximately 500 participants from business will attend the event.

The SCCP will conduct its first TILF-funded voluntary peer review process in 2003, involving the independent assessment of its CAP. This review will help APEC Member Economies keep on track to deliver the outcomes of the SCCP CAP.

The *2003 Blueprint on Customs Procedures* will be published in October 2003. The Blueprint promotes transparency and informs the private sector about SCCP activities and how these activities can benefit business. It will be disseminated via the Internet and in hard copy.

Key Outcomes

Conclusion of phases 1-4 of the *Paperless Trading Project* which aimed to reduce the requirement for

paper documentation in Customs Administrations through the development and implementation of Paperless Trading Strategies.

During 2002, technical assistance to Customs Laboratories was provided to PRC, Peru and Chinese Taipei. In 2003, technical assistance will be provided to Indonesia, Russia and Thailand.

The *Risk Management Technical Assistance Programme* which comprised 6 phases was completed in February 2003. Under Phase 5 of the Work Programme an *Operational Risk Management Workshop* co-hosted by Thai Customs Department took place 18–22 November 2002 in Bangkok, Thailand, focusing on the *Train the Trainer Theory* and Risk Management related issues, such as basic operational intelligence, targeting and profiling.

To date, all planned activities under Phase 1 and 2 of the *Project Express Clearance* have been completed. Phase 3 of the Project will consist of follow-up missions to provide additional technical assistance to APEC Member Economies that received an assessment mission under Phase 2. By October 2003, missions will have been conducted in Chinese Taipei, Malaysia and Thailand. Further missions are planned for the Philippines, Peru and Indonesia in 2003.

Under the *SCCP Programme to Improve Implementation on Customs Related WTO Agreements*, a Workshop on the *Implementation of the WTO Customs Valuation Agreement* was held in Bangkok, Thailand in March 2002 and a Seminar on The WTO Agreement on Rules of Origin was held in Jakarta, Indonesia in June 2003.

As part of the Customs Business Initiative, a compendium on "Best Practices on Customs Business Partnership" was compiled and posted on the APEC and SCCP websites in August 2002.

APEC Economic Leaders endorsed the SCCP proposed Pathfinder Initiative – *Adoption of the Principles of the Revised Kyoto Convention*. The Revised Kyoto Convention aims to make trade more efficient by simplifying and harmonizing customs procedures. A project is now underway to implement this Pathfinder Initiative.

Brief History

The Sub-Committee on Customs Procedures was established in 1994 and reports directly to the Committee on Trade and Investment.

SCCP - Key Contacts

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Intellectual Property Rights

The Intellectual Property Rights Experts' Group (IPEG) coordinates APEC's work on Intellectual Property Rights (IPR). The IPEG objectives are to –

- Deepen the dialogue on intellectual property policy.
- Survey and exchange information on the current status of IPR protection and administrative systems.
- Study measures for the effective enforcement of IPR.
- Fully implement the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS).
- Facilitate technical cooperation to implement TRIPS.

IPEG is working to support a strong and effective IPR system. An effective IPR system is important to trade because it provides confidence to business that rights will be respected and that profits will be returned to IPR holders when goods and services are traded in the region.

Latest Developments

An IPEG database on IPR enforcement activities in the Asia-Pacific region will be added to the *IP Toolkit*. This database will help APEC Member Economies to increase awareness levels of enforcement and resources, assist APEC Member Economies to implement enforcement activities, improve coordination in donor funding of capacity building projects and publicise enforcement activities of interest to APEC Member Economies.

Stage one of training workshops on *Intellectual Property Rights Implementation* with a particular focus on geographical indications, was held in Bangkok 13–14 May 2003 and Beijing on 11–12 June 2003 for developing APEC Member Economies.

Key Outcomes

An IP enforcement seminar was held July 2002 in Los Angeles to provide IP enforcement personnel with the opportunity to discuss with industry representatives the techniques and processes of investigating IP infringement. It also provided assistance with preparing effective prosecutions.

An *IP Toolkit* proposal was accepted in late 2002 which provides a framework for IPEG IP enforcement projects including publications, training and public awareness.

The IP and Biotechnology Training Handbook featuring trade facilitation principles was finalised and loaded onto IPEG website.

A Survey of Intellectual Property Law and Organisations was completed and uploaded to IPEG website.

Brief History

The IPEG was created in 1996.

CUSTOMS
PROCEDURES

INTELLECTUAL
PROPERTY RIGHTS

Intellectual Property Rights – Key Contacts

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Competition Policy and Deregulation

Unilateral deregulation by APEC economies makes an important contribution to trade and investment liberalisation and facilitation. Transparency in regulatory regimes and the elimination of trade-impeding or unnecessarily restrictive regulations are the key objectives of APEC work in the deregulation area. This work is undertaken by the Committee on Trade and Investment (CTI). Under direction from the CTI, the Competition Policy and Deregulation Group (CPDG) works on activities relating to information gathering and analysis as well as experience sharing.

Latest Developments

- The third phase of the project *APEC Training Program on Competition Policy* will be delivered this year.
- The next phase of the project, *APEC/Organisation for Economic Cooperation and Development (OECD) Cooperative Initiative on Regulatory Reform*, which enforces the *Road Map Initiative on Strengthening Markets* through continued dialogue and sharing of experiences among economies dealing with the challenges of regulatory reform will be delivered this year.
- Continuing cooperating with the Strengthening Economic and Legal Infrastructure (SELI) Group, particularly by coordinating the needs of APEC Member Economies with specific projects based on the *Menu of Options on Competition Policy*.
- Implementing the self-funded project on *Intensive Training in Commercial Laws*. The seminars will cover contract law, dispute mediation/commercial arbitration and intellectual property rights.
- Undertake new capacity building programmes to assist economies in implementing the *APEC Principles to Enhance Competition and Regulatory Reform*.
- Continue to develop an understanding of competition policies and/or laws within economies and within relevant domestic constituencies, thereby fostering a culture of competition.
- Deepen the dialogue with other APEC fora and subfora on the understanding and reporting of the implementation of the *APEC Principles to Enhance Competition and Regulatory Reform*.
- Future work will continue to focus primarily on the implementation of the *APEC Principles to Enhance Competition Policy and Regulatory Reform* and specific projects arising from it.

Key Outcomes

The competition database covering all APEC Member Economies has been completed and is available for public access. This database provides the private sector, including academic organisations and business enterprises, with useful information on competition law of all APEC members.

Three projects related to competition policy and deregulation were carried out during 2002 –

- *APEC/Organisation for Economic Cooperation and Development (OECD) Cooperative Initiative on Regulatory Reform*. This initiative contributed to deepening the dialogue and technical assistance between regulatory agencies of economies inside and outside APEC.
- *Training Programme to promote Economic Competition in APEC Economies*. This programme aimed to promote the implementation of the *APEC Principles to Enhance Competition and Regulatory Reform* through the organisation of seminars focusing on regulation in the energy, transportation and telecommunications sectors.
- *APEC Training Programme on Competition Policy* submitted jointly by the CPD and SELI. The main objective of this programme was to provide developing economies with technical co-operation and assistance by taking advantage of the accumulated APEC knowledge and expertise on competition policy.

These projects represent a concrete benefit for the private sector of the participant economies. Improving processes within competition/regulatory agencies increases the technical quality of the application of Competition Law and will create the conditions for the establishment of clear rules for all the economic agents involved in the functioning of markets.

Brief History

The globalisation of business has highlighted the importance of competition issues. APEC's objective in this work area is to enhance the competitive environment of the region. In November 1994, APEC Ministers agreed that the CTI would develop an understanding of competition issues, in particular competition laws and policies of economies in the region and how they affect flows of trade and investment in the APEC region. They would also identify potential areas of technical cooperation among member economies. In 1996, the *Osaka Action Agenda (OAA)* work programmes for competition policy and deregulation were combined.

Remembering the Asian financial crisis of the 1990s APEC Ministers endorsed *the APEC Principles to Enhance Competition and Regulatory Reform* and approved a "road map" which established the basis for subsequent work on strengthening the markets in the region (Auckland, New Zealand, 1999).

In 2001, Leaders agreed that the *OAA* should be broadened to "reflect fundamental changes in the global economy" since Osaka, including *Strengthening the Functioning of Markets*. The implementation of competition policy/deregulation area provides markets with a framework that encourages market discipline, eliminates distortions and promotes economic efficiency. Therefore, competition policy/deregulation area is one of the key elements contributing to both the "road map" and the broadening of the *OAA*.



Competition Policy & Deregulation – Key Contacts

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Government Procurement

A basic principle of government procurement is to provide ample and equal opportunities for participation to interested and qualified bidders for government work, thereby ensuring healthy and effective competition. To help facilitate this outcome, the Government Procurement Experts' Group (GPEG) aims to develop a common understanding of government procurement policies and systems and to achieve liberalisation of government procurement markets throughout the Asia-Pacific region.

The GPEG reviews and reports on APEC Member Economies' government procurement regimes against non-binding principles. The group is currently undertaking voluntary reviews of the consistency of government procurement regimes against these non-binding principles. Members will continue to provide updates on any changes to their procurement frameworks that may enhance the non-binding principle of Transparency.

Information about GPEG activities can be found in the Government Procurement section of the APEC Secretariat website at, www.apecsec.org.sg/govtproc/gphome.html.

Latest Developments

- The GPEG –
- Continues the process of collecting voluntary reviews of APEC Member Economies' government procurement regimes against the Non-Binding-Principles of Value for Money, Accountability and Due Process.
 - Will deliver a 2-day symposium and workshop that will assist SME's and the business sector to access government procurement markets, build relationships between the business sector and GP officials in the Asia-Pacific region and increase awareness and uptake of e-procurement in government procurement.
 - Continues to share information on government procurement capacity building and developments within APEC Member Economies' government procurement frameworks.
 - Continues to share information about APEC Member Economies' e-procurement adoption and systems.
 - Is developing a greater understanding of member economies' free trade agreements.
 - To increase government procurement transparency, the GPEG members cooperate with each other through information sharing and technical assistance to increase the application and scope of electronic government procurement (e-GP).

Recent Key Outcomes

The majority of GPEG members completed their voluntary reviews and reports of their government procurement systems against the non-binding principle of Transparency during 2001–2002. Through this process, members are exploring how best to implement the principles and to voluntarily bring their systems into conformity with the principles. The group also agreed to begin voluntary reviews of the next principle of Value for Money in 2003.

Brief History

The Government Procurement Experts' Group (GPEG) was established in 1995.

Government Procurement – Key Contacts

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Rules of Origin

Rules of Origin are the laws and regulations that determine the country of origin of goods. Globalisation has made it increasingly difficult to determine where a product “originally” comes from since raw materials and parts used to make finished goods are drawn from all over the world. Rules of Origin are important when implementing trade policy tools such as anti-dumping and countervailing duties, trade mark, and safeguard measures. As such, the Committee on Trade and Investment Plenary work to harmonise these rules among APEC Member Economies.

Latest Developments

A comparative matrix will be available by the end of 2003 and it will demonstrate the regulations of the various APEC Member Economies on *Rules of Origin and Customs Procedures relating to Preferential Rules of Origin*. This matrix will be used by APEC Member Economies in bilateral and multilateral trade agreements.

Key Outcomes

Two workshops on Rules of Origin were conducted 17–21 March 2003 in Thailand and 24–28 March 2003 in China. These workshops provided technical assistance to Thai and Chinese customs officials to implement the WTO Agreement on Rules of Origin.



GOVERNMENT
PROCUREMENT

RULES OF ORIGIN

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Dispute Mediation

Trade and other economic disputes have negative impacts on the efficient flow of goods and services through the Asia-Pacific region and on the cooperative work of APEC. Over the past few years, the Committee on Trade and Investment has worked on methods for cooperatively resolving disputes, focusing particularly on APEC Member Economy and business/private sector disputes. The CTI has also worked on promoting the transparency of laws and regulations as a means of dispute avoidance.

APEC regards the WTO Dispute Settlement process as the primary channel for resolving disputes and supports this channel by helping to avoid disputes through non-adversarial and voluntary approaches.

Latest Developments

At the CTI meeting in February 2003, it was decided that regular reporting on dispute mediation was no longer necessary. However, APEC Member Economies can still raise dispute mediation issues as required.

Key Outcomes

The Guide to Arbitration and Dispute Mediation in APEC Member Economies has recently been updated. This site contains information on arbitration laws, rules and practices in each of the APEC Member Economies together with other material on alternative dispute resolution. It helps businesses and business advisers to assist in reducing the costs of doing business in the region through providing transparent and authoritative information on methods of resolving commercial disputes that do not involve litigation.

Brief History

Since 1999, dispute mediation has been handled by the Committee on Trade and Investment. Between 1995 and 1999 work on dispute mediation, particularly increasing transparency of APEC Member Economy dispute settlement/mediation services and laws, has been undertaken by the Dispute Mediation Experts' Group.

Dispute Mediation – Key Contacts

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Mobility of Business People

APEC Member Economies are committed to enhancing business mobility by exchanging information on regulatory regimes, streamlining the processing of short-term business visitor visas and procedures for temporary residence of business people, and maintaining a dialogue on these issues with the business community. This work is coordinated by the Informal Experts' Group on Business Mobility (IEGBM). Australia currently chairs this group.

Business and Private Sector Participation

The APEC Business Advisory Council (ABAC) has made facilitation of business travel a priority. The Committee on Trade and Investment's agenda on business mobility has been guided by ABAC's recommendations, and the IEGBM liaises closely with ABAC on developments. The business/private sector has also been closely consulted in the development of the *APEC Business Travel Card* scheme and the introduction of other APEC initiatives. ABAC continues to be a strong promoter of the *APEC Business Travel Card* and was instrumental in expediting Japan's participation in the scheme.

Latest Developments

Upcoming training in APEC Member Economies will focus on professional conduct for immigration officers, development of a proposal to enhance the entire process of document security, a proposal on legal infrastructure and, development of a regional immigration alert system.

The IEGBM recently carried out a *Gender Survey on Business Mobility Issues in the APEC Region*. This survey identified barriers to business mobility that business women face when travelling in the APEC region, by comparing their experiences with male business travellers across the areas of – overseas work assignments, visa/immigration service issues and APEC's travel facilitation programmes. The survey is available on the new *Business Mobility* website at www.businessmobility.org.

Building upon the findings of its gender survey, the group will soon be inaugurating a communications and outreach initiative to publicise the benefits of its work for the business community.

APEC Member Economies will continue to implement their agreement to streamline processing of temporary business residency permits. The IEGBM will continue exploring how best to share and adapt new developments in technology in immigration processing throughout APEC Member Economies.

At its 2002 meetings in Mexico, the IEGBM continued to focus on work rights for spouses of personnel on intra-company transfers.

Key Outcomes

Recent key outcomes in the area of business mobility include -

- Launch of an advance passenger processing project designed to speed the processing of air travellers in the APEC region.
- Launch of a project to enhance professional and efficient service in passenger processing.
- Agreement in principle to adopt improved service standards for processing applications for, and extensions of, temporary residence permits for executives, managers and specialists transferred within their companies to other APEC Member Economies.
- Collective agreement to issue multiple-entry visas to frequent business travellers from other APEC Member Economies and individual action to facilitate business travel, for example by expanding visa-waiver programmes or extending the validity of multiple-entry visas.

- Launch of a technical cooperation program to help members implement advanced border-management techniques.
- Launch of a technical cooperation program to help members enhance professional conduct standards for immigration officers.
- Maintenance of up-to-date information on requirements for short-term business visas and temporary business residency permits in the Internet version of the *APEC Business Travel Handbook*, which is available on the APEC Secretariat site. The Handbook also includes contact information on offices that issue visas across the APEC region.
- Launch of a project to develop a regional immigration alert system designed both to enhance security and to expedite the travel of business representatives.

Australia; Chile; Hong Kong, China; Korea; and the Philippines began implementing a trial of the *APEC Business Travel Card* (ABTC) scheme, which offers accredited business travelers visa-free travel and expedited airport processing when visiting participating economies. Malaysia and New Zealand joined the scheme in 1999, while Thailand, Peru and Brunei Darussalam joined in 2000. In October 2001, China and Chinese Taipei officially announced they would participate. At the August 2002 meeting in Acapulco, Indonesia joined the ABTC, and in April 2003 Japan entered the programme, bringing the current number of participants in the scheme to 14.

Training has also been held to discuss the standards essential for transparent and open immigration systems as well as the capacity building needed to implement them.

Mobility of Business People - Key Contacts

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WTO Capacity Building

The fundamental principles of the multilateral trading system – non-discrimination, predictability, stability and transparency – are supportive of development and essential to serve the interests of developed and developing economies throughout the world, including APEC Member Economies. The WTO Capacity Building Group (WCBG) supports APEC activity in strengthening the multilateral trading system. The group does this by actively promoting opportunities for training and exchanges of views on the implementation of the *Uruguay Round (UR)* outcomes.

It also helps APEC Member Economies to prepare for implementation of the *Doha Development Agenda (DDA)*. This agenda focuses on the needs of developing economies and the WTO Capacity Building Group is working hard to co-ordinate the involvement of APEC Member Economies in the delivery of WTO-related capacity building efforts. APEC's WTO-related capacity building agenda was cooperatively developed by the WTO Capacity Building Group. This agenda turns into action the objectives of the APEC Strategic Plan in this area.

The group, which is co-chaired by Japan and Canada, meets twice a year to initiate and advance its proposed work programme.

Latest Developments

The development of appropriate confidence and capacity building activities remains a priority for 2003. At the last Committee on Trade and Investment Meeting in February, APEC Member Economies were encouraged to review their needs for confidence and capacity building support so that they can meet their commitments in the WTO and participate in the DDA negotiations. It was agreed that the WTO list of developing economies' requests for WTO - related technical assistance could be a useful resource to help identify where APEC should focus its attention in this area.

The WTO Group implemented four WTO-related capacity building projects since the last Meeting using financial resources from the APEC TILF Fund.

The *Trade and Environment Workshop* was approved as an urgent project at the March meeting of the Budget and Management Committee.

Key Outcomes

In 2002, the WTO Group met on 23 February (the 3rd meeting) and 14 August (the 4th meeting), and made significant progress on –

- A WTO Capacity Building website was developed and is now in operation.
- In response to the Trade Ministers' instruction, the WTO Group agreed to add *Confidence Building* to the mandate of the Group. The WTO Group also agreed to amend its Terms of Reference accordingly.
- Implementation of the approved projects for the 2002/2003.

At its last meeting in Acapulco, Mexico, (August, 2002) the Group reviewed and discussed issues related to technical assistance and capacity building activities and cooperation between all parties concerned

Brief History

In May 1999 CTI decided to realign its work to enable substantive work on Uruguay Round (UR) implementation to be carried out in more effective way. An Implementation of WTO (*earlier UR*) Obligations Group was created. In 2001 after adoption of the *APEC Strategic Plan on Capacity Building in implementing of WTO obligations (2000)*, this group was re-named the WTO Capacity Building Group.

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Automotive and Chemical Dialogues

In 1997, APEC Economic Leaders agreed to “early voluntary sectoral liberalization” in 15 areas. Since the early stages of this initiative, Ministers have emphasised the importance of taking into account the interests of the private sector in these discussions. APEC’s sectoral dialogues grew out of this desire.

In the automotive sector, an APEC Automotive Dialogue was established to serve as a forum for APEC Member Economy officials and senior industry representatives to work together to map out strategies for increasing integration and development of the automotive sector within the region. In the chemicals sector, the first Chemical Dialogue was held in 2002 in Mexico.

These public-private sector dialogues are seen as a way of improving mutual understanding for developing future policy and enhancing the competitiveness of these sectors.

Latest Developments

Automotive Dialogue

The 4th Automotive Dialogue was held in Singapore on 17-19 April 2002. It attracted more than 150 participants from industry and government. It endorsed revised *Principles of Automotive Technical Regulation Harmonization*. This document was relayed to all APEC Trade and Transportation Ministers with the recommendation that each economy use the principles to guide their harmonisation and regulatory programmes. The next Auto Dialogue was originally scheduled for late April 2003 in Shanghai but has been postponed to June due to the SARS outbreak.

The Automotive Dialogue group is also moving ahead with a quality management system project aimed at harmonising the standards in the manufacturing of auto parts.

Chemical Dialogue

The 1st Chemical Dialogue was held in Merida, Mexico on 22–23 May 2002 and was attended by 50 participants from industry and government. The Dialogue recommended that as many economies as possible adopt and implement the *Globally Harmonized System (GHS) on Hazard Classification and Labeling of Chemicals and Safety Data Sheets* as soon as possible after its adoption by the United Nations in 2002. This recommendation was endorsed by APEC Trade Ministers in May 2002 and this year the Chemical Dialogue obtained APEC funding for a project to provide capacity building support to help economies implement the GHS guidelines.

In other work, the Co-Chairs of the Chemical Dialogue sent a letter to relevant European Union Ministers to request that APEC Member Economies be given the opportunity and adequate time to comment on the regulatory framework being drafted for the regulation of chemicals and downstream products before it is submitted to the European Parliament. Due to the ubiquity of these chemicals, these downstream products include virtually all manufactured products. The EU paper containing this framework is the *EU White Paper: Strategy for a Future Chemicals Policy*.

Brief History

The Dialogues came out of the Early Voluntary Sectoral Liberalization initiative of 1997. There have been four Automotive Dialogues; all are scheduled independently of other APEC meetings. The 1st Chemical Dialogue was held in 2002 and the meetings of this process are held on the margins of the APEC Senior Officials’ Meetings.

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ECONOMIC COMMITTEE

The Economic Committee (EC) conducts research on economic trends and issues in the APEC region in support of APEC's priority agendas. It also serves as a forum for APEC Member Economies to exchange information and views on economic trends and issues.

The EC operates under two guiding principles. Firstly, the EC focuses on demand-driven work and addresses central economic issues of priority to APEC Economic Leaders and Ministers and other APEC groups. The EC's work often provides an analytical basis for advancing APEC's agenda. Secondly, the EC fulfills its role as APEC's core analytical body by focusing its work programme to deliver high-quality research outputs.

Latest Developments

The Economic Committee's 2003 – 2004 Work Programme includes the following research projects -

- 2003 APEC Economic Outlook, including Regional Outlook and Prospects, and The Role and Development of Specialised Financial Institutions.
- An investigation of corporate restructuring to examine factors that promote or inhibit restructuring, benefits of restructuring and the economic costs of avoiding restructuring. A major conference will be held on 19-20 June 2003 in Seoul, Korea, focusing on cross-economy topics relating to corporate restructuring.
- The New Economy and Knowledge-based Economy issues, including Innovative Business Strategies and Firm Performance in the New Economy, Patterns and Prospects on Technological Progress in the APEC Region, Mapping Singapore's Knowledge-Based Economy (KBE), Development of Industrial Clusters towards KBE and the Construction and Operation of Knowledge Clearing House.
- Projects in support of APEC's trade and investment liberalisation and facilitation agenda.

Key Outcomes

2002 APEC Economic Outlook

The *2002 APEC Economic Outlook* summarises recent developments and the short-term prospects of all 21 APEC Member Economies. The second part of the report examines the development, regulation and supervision of microbanking in the APEC region. The study shows the contribution of microbanking activities to the development and strengthening of more sophisticated intermediaries and the positive effects microbanking activities have on low-income earners and micro-enterprises.

Economic Committee Symposium

An EC symposium on "Microbanking Development, Regulation and Supervision in the APEC region" was held in Mexico City on 25–26 July 2002. Contributions from this symposium were used in the *2002 APEC Economic Outlook*.

The New Economy

The 2002 The New Economy in APEC: Innovations, Digital Divide and Policy project provides information for decision makers about the New Economy. The project examines innovation in APEC service industries, with reference to e-commerce. Comparisons of the key drivers of the New Economy in the United States of America and Canada are provided. The project also examines the seriousness of the digital divide in APEC and compares the state of entrepreneurship among APEC Member Economies. Policy fundamentals underpinning the New Economy are also studied where the policy regime is key to the development of characteristics of the knowledge-based economy.

The Benefits of Trade and Investment Liberalisation and Facilitation

The Benefits of Trade and Investment Liberalisation and Facilitation study shows that trade facilitation, essentially reducing the costs of business transactions, improving access to trade information and aligning policy and business strategies, delivers greater benefits than trade liberalisation, which is concerned with reducing tariff and non-tariff barriers to trade. The project quantifies the impact of trade facilitation measures on transaction costs.

Brief History

The Economic Committee was established at the 6th APEC Ministerial Meeting in Jakarta, Indonesia in November 1994.

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SOM COMMITTEE ON ECONOMIC AND TECHNICAL COOPERATION

The SOM Committee on Economic and Technical Cooperation (ESC) assists APEC Senior Officials in coordinating and managing APEC's economic and technical cooperation (ECOTECH) agenda, as well as identifying initiatives for cooperative action by APEC Member Economies.

ECOTECH is the pursuit of APEC's common objectives and goals through cooperative activities, aimed at attaining sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being. Such activities include research, the sharing of information and experiences, and training. The ESC seeks to advance effective implementation of key ECOTECH initiatives, including the *Osaka Action Agenda* (OAA) and the *Manila Framework for Strengthening Economic Cooperation and Development*.

Latest Developments

APEC-wide ECOTECH priorities for the next few years were agreed at the Senior Officials Meeting held in Chiang Rai, Thailand in February 2003. These APEC-wide ECOTECH priorities include –

- Integration into the Global Economy.
- Counter-terrorism Capacity Building.
- Promoting the Development of Knowledge-Based Economies.
- Addressing the Social Dimensions of Globalisation.

Senior Officials also recognised that to further strengthen APECs work in ECOTECH, consideration should be given to the work being done in these areas by other organisations such as International Financial Institutions (IFIs). The ESC is now in the process of evaluating means by which APEC might work in a mutually beneficial way with IFIs and other organisations to reinforce its work in economic and technical cooperation, particularly in the area of technical expertise and capacity building.

The ESC is investigating mechanisms to fortify coordination between the ESC and other APEC Fora on ECOTECH. To this end APEC Member Economies are developing a paper which will outline possible ways in which coordination can be strengthened.

Work in the area of evaluation is underway via an independent assessment of the Fisheries Working Group. The project aims to review best practices and areas for improvement in ECOTECH projects and to recommend measures to enhance the efficiency and effectiveness of the APEC ECOTECH agenda.

Key Outcomes

As part of its ongoing evaluation work, the ESC completed an assessment of the ECOTECH Action Plans (EAP). EAPs are intended to be a tool to demonstrate the progress APEC Member Economies have made in the ECOTECH agenda. A decision as to what measures to take with the EAPs will be made by the ESC sometime in 2003.

Brief History

The ESC (Sub-Committee on ECOTECH) was established in 1998 to assist SOM with its work on economic and technical cooperation. In 2002 the ESC was renamed as the SOM Committee on ECOTECH while retaining the acronym ESC and the original mandate.

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WORKING GROUPS

Agricultural Technical Cooperation

SOM COMMITTEE
ON ECONOMIC
AND TECHNICAL
COOPERATION

AGRICULTURAL
TECHNICAL
COOPERATION

The Agricultural Technical Cooperation Working Group (ATCWG) work involves the continuous development of the cooperative scheme in the field of agricultural technology in the APEC region. This scheme is designed to improve the economic development and social welfare of APEC Member Economies by improving agricultural cooperation and capacity building.

Business and Private Sector Participation

Representatives of the business/private sector participate as members of their economy's delegation and are invited to collaborate in the cooperative activities undertaken by the ATCWG. In the seminars on the Agricultural Finance System as well as the 3rd Biotechnology Workshop, business/private sector representatives were invited and made significant contributions to the work carried out.

The ATCWG works closely with Pacific Economic Cooperation Council (PECC), particularly in the areas of production, marketing, processing, and distribution of agricultural products. In cooperation with PECC, the contact list of agricultural experts was prepared and recently updated.

Key Outcomes

The 6th Plenary Meeting of the ATCWG was held on 25–27 July 2002 in Mexico City with the following key outcomes –

- Review of the progress in the ATCWG's Seven Priority Areas –
 - Conservation and Utilization of Plant and Animal Genetic Resources.
 - Research, Development and Extension of Agricultural Biotechnology.
 - Production, Processing, Marketing, Distribution and Consumption of Agricultural Products.
 - Plant and Animal Quarantine and Pest Management.
 - Cooperative Development of Agricultural Finance System.
 - Agricultural Technology Transfer and Training.
 - Sustainable Agriculture and Related Environmental Issues.
- Adoption of the *Guidelines on Joint Holding of Workshops with Public Research Institutions* in order to facilitate the efficient management of joint workshops with public institutions.

The ATCWG has conducted several recent APEC-funded projects in the field of agricultural technology. These projects include –

APEC Institutional Linkages for Human Resource Development in Post-harvest Technology

This project was designed to enhance academic quality in post-harvest technology and has been running since 2000. Through this project ATCWG has developed and instituted curricular and training programmes in Universities, and significantly contributed to improving the productivity and competitiveness of the post-harvest industry in the region. Another outcome of the projects is the development of networks of national and international institutions for continuous cooperation in this field.

Workshop on Technical Cooperation and Information Exchange on Safety Assessments in Agricultural Biotechnology

The objective of this project was to build capacity in APEC Member Economies for agricultural biotechnology. The workshop provided a useful forum for discussion on risk assessment and management leading to transparent and science-based approaches to introduction and use of biotechnology products. It also added momentum to developing further linkages and mechanisms to enhance technical cooperation. The workshop was also a meaningful occasion for APEC Member Economies to share information on relevant developments in international organisations, such as IPPC, CBD, Codex, OECD, WTO.

Workshop on Sustainable Agricultural Development and Technical Training

This project provided an opportunity for information exchange and technical training on expert policies for sustainable agricultural development and sustainable agricultural technologies. A broad range of agricultural technology issues were covered in this project including –

- Utilisation and Conservation of Agricultural Resources (water resources, land resources, climatic resources and ecological resources).
- Information Technology for Sustainable Agriculture Development.
- Agricultural Environment Pollution and Protection.
- Rural Poverty Alleviation.
- Agro-ecological Engineering Construction for Sustainable Agricultural Development.
- Evaluation of Agricultural Sustainability under Ecological Security.
- Public Participation and Education.



Brief History

In November 1996 the Agricultural Technical Cooperation Experts' Group (ATCEG) was established to undertake important work on agricultural technical cooperation. Earlier meetings of experts (in Chinese Taipei, 1995 and Australia, 1996) had agreed on a work programme of joint activities to enhance agriculture's contribution to the region's economic growth and social well-being and developed a framework for undertaking cooperative activities.

In accordance with the directions from the First Senior Officials' Meeting (SOM I) in New Zealand in 1999, the ATCEG expanded the scope of its priority areas by incorporating part of Food, Energy, Environment, Economic Development Population (FEEEP) joint actions. This included –

- Food and agriculture-related research and development.
- Trade and other matters.
- Food and agriculture-related environmental issues.

The ATCEG's seven sub-groups were renamed to reflect these developments at the 3rd ATCEG Meeting held in June 1999 in Japan. Ministers, at their meeting in Brunei in 2000, agreed on the renaming of the ATCEG as the ATC Working Group (ATCWG) in an attempt to rationalise the various names of APEC fora.

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The Energy Working Group (EWG) aims to maximise the energy sector's contribution to the region's economic and social well being, while mitigating the environmental effects of energy supply and use. The EWG aims to achieve this by cooperation among APEC Member Economies through government policy makers, technical experts, business and regulators, working in partnership under the aegis of the Energy Working Group.

Members of the EWG usually meet twice a year to share information on activities decided at the last meeting. The EWG has met 24 times to date, and its next meeting (EWG25) is scheduled for 19–20 June 2003 in the United States.

Business and Private Sector Participation

The business/private sector is involved in the work of the EWG through the EWG's five Expert Groups and is represented at EWG meetings by the PECC Energy Forum. The business/private sector participates in, and supports, EWG events such as seminars, training programs and technology demonstrations. A business/private sector-Ministerial dialogue has been held in conjunction with each of the four Energy Ministers' Meetings held to date. At the 5th Energy Ministers' Meeting, a business/private sector-ministerial dialogue was carried out inside the meeting.

In March 1998, the EWG established the EWG Business Network (EBN) as an interface between the private/business sector and the EWG. The Network comprises two business representatives from each economy. Ministers recognise 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.

Meetings of APEC Energy Ministers

Energy Ministers' Meetings provide policy guidance and momentum for the work of the EWG in implementing measures consistent with the goals established by APEC Economic Leaders. APEC Energy Ministers have now met five times since their first meeting in Sydney, in 1996. The 5th meeting was held in Mexico City on 22–23 July 2002.

At the 24th EWG meeting in Chinese Taipei, Chile proposed to hold an APEC Mining Ministers Meeting in 2004. The proposal is now under consideration by the EWG member economies.

Latest Developments

There are quite a number of new initiatives following the 5th APEC Energy Ministers Meeting, which indicates the continuous progress of this Working Group. These include –

Cross-border interconnection of gas pipelines

The cross-border interconnection of gas pipelines is an important issue for APEC Member Economies and EWG is now forming part of the ongoing work programme. Members also agreed that interconnection within subregions is of relevance to the EWG, that private sector participation will be important to efforts addressing this issue and that there are lessons to be learnt from the EWG power grid interconnection project.

Energy Infrastructure

Members agreed that it is important that the EWG work closely with financial institutions and, although there are examples of where this is occurring, the EWG should explore how this can be improved. It was highlighted at the Expert Group Chairs' Meeting that Expert Groups are already engaging financial institutions in some activities and the EWG Secretariat has been directed to communicate these examples to Members. Members also agreed that to meet investment needs within the region, engagement should be pursued with both private and multilateral financial institutions.

Energy Education

Members agreed that the energy literacy initiative proposed by Japan had support within EWG and that Japan would work with its EWG Member partners to move this initiative forward.

Implementation of Energy Security Initiative

Energy security is a major issue for APEC Member Economies and the Energy Security Initiative is one of the most important EWG activities. Considerable efforts have been made in this respect, particularly after the September 11 terrorist attacks on the United States, and EWG has decided to continue to implement the Initiative with even greater endeavour. Under the concept of the energy security initiative, work is being pursued in the following areas –

- Monthly Oil Data Initiative
- Sea-lane Security
- Real-time Emergency Information Sharing
- Oil Supply Emergency Response
- Impediments to energy exploration and development
- Long-term responses
- Nuclear energy

Key Outcomes

APEC Clean Energy/Village Power Private Sector Forum

EGNRET proposed to Members that participation in the *APEC Clean Energy/Village Power Private Sector Forum*, planned for September 2003 in Baltimore, USA, be extended to involve the private sector and that all Asian economies be invited to participate. It was also proposed that the project be linked to related activities arising from the World Summit on Sustainable Development (WSSD) in Johannesburg.

21st Century Renewable Energy Development Initiative

The Republic of Korea organized the 2002 Exhibition on New and Renewable Energy Technology in Seoul on 7-9 November 2002.

Addressing the Barriers to the Interconnection of Power Grids in APEC Member Economies

Members consider cross-border interconnection to be an issue of enormous importance to the region and further work will need to be undertaken in this area.

Some of the key reports generated from the EWG projects or workshops are listed below –

- Environmentally Sound Energy Infrastructure
- Survey of Factors Influencing Demand for Minerals in the APEC Region
- Report on Phases I, II and III of the APEC Electricity Supply Industry Micro-Economic Reform Programme up to the Cebu, Philippines Workshop December 2002
- Measuring the Impact of Regulatory Reform in the APEC Energy Sector
- Harmonising Economic and Environmental Objectives of Energy Policy - Phase 1 (EWG 01/2002)
- Fostering Regional Energy Cooperation in APEC
- Deregulating Energy Markets in APEC (EWG 04/2001T)
- Cross-Border Power (EWG03/2001T)

Further information is available from the APEC Secretariat or the EWG Secretariat at www.apec.energy.org.au

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The Fisheries Working Group (FWG) was created by the SOM in 1991. It aims to promote –

- The conservation and sustainable use of fisheries resources.
- Sustainable development of aquaculture and habitat preservation.
- Development of solutions to common resource management problems.
- The enhancement of food safety and quality of fish and fisheries products.
- Sector-specific work relating to trade and investment liberalization and facilitation.

Latest Developments

In its 13th annual meeting in Lima, Peru, on 20–24 May 2002, the FWG focused on the following issues -

Fisheries Management

The meeting discussed the utility of APEC Member Economies in the Fisheries Monitoring Control and Surveillance Network (MCS Network) and the implications on regional and sub-regional fisheries management organisations and APEC Member Economies of the entry into force of the *UN Straddling and Highly Migratory Fish Stocks Agreement (New York Agreement)*. Members agreed that experience sharing in regional fisheries management organisations will be discussed at next year's meeting.

Aquaculture

There were reports on the FAO Subcommittee on Aquaculture Meeting for members' information. Members presented on the issue of challenges and priorities for expanding the Aquaculture sector. Consumers' concern on food safety was also presented.

Results of the first APEC Ocean-related Ministerial Meeting (AOMM)

On 25–26 April 2002, the first Ocean-related Ministerial Meeting (AOMM) was held in Seoul. In this Ministerial Meeting, the *Seoul Oceans Declaration* was adopted. In the 13th FWG meeting, the result of AOMM were presented and discussed. Based on the *Seoul Oceans Declaration* and the report of Fisheries Senior Officials Meeting, members discussed the importance of working on ways to incorporate the *Seoul Oceans Declaration* into respective domestic fisheries policy.

The 14th FWG meeting will be held in Hanoi, Viet Nam on 9–14 June 2003.

Key Outcomes

In 2002, the *Capacity and Awareness Building on Import Risk Analysis (IRA) for Aquatic Animals* project was implemented. As part of the project, regional training courses and workshops on IRA for aquatic animals were organised. A network of people involved in IRAs was established, which will facilitate future exchanges of experiences and expertise on IRA for aquatic animals. A manual on IRA for aquatic animals was developed.

The result of this project benefits the business sectors and rural farmers by effective legislation and policies on aquatic animal health that will contribute to increasing aquaculture production through measures that will safeguard the industry from disease incursion.

Another project, *Developing Industry Standard for the Live Reef Food Fish Trade* will assist in the formulation of a set of industry standards for the live reef food fish trade, and create regional and national frameworks for implementation of such standards. The standards will be developed transparently through participation and will stimulate environmentally sustainable fisheries trade among APEC Member Economies, and reduce the pressures on the region's coral reefs from over- and destructive fishing practice.

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Human Resources Development

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

- Quality basic education.
- Improved labour market information and analysis.
- Enhanced skills in key sectors including Small and Medium Scale Enterprises (SMEs).
- Lifelong learning.
- Improved curricula, teaching methods and instructional materials for the 21st century.
- Mobility of qualified persons.
- Enhanced quality, productivity, efficiency of the labour force and work places.
- Strengthening cooperation to support trade and investment liberalisation and facilitation.

Latest Developments

The HRDWG will continue to implement its work programme towards developing human capital in response to Leaders' and Ministerial priorities. Its work programme will take into consideration HRDWG's agenda and incorporate the cross-cutting issues that remain priority areas for APEC as a whole. The 25 HRDWG Meeting scheduled for 3–6 June 2003 in Kuala Lumpur, Malaysia has been postponed due to the Severe Acute Respiratory Syndrome (SARS) problem which has affected a number of APEC Member Economies. Several project related events are scheduled to be held in 2003 in the region relating to best practices in education, school networking, young people, industrial relations and skills development.

Key Outcomes

In 2002, the HRDWG held its 24th meeting in Hanoi, Viet Nam on 8–12 May. The WG further tightened the year's work programme which continues to focus on HRDWG priority areas as well as issues which have featured prominently in APEC recently such as e-APEC, SMEs, gender integration and young people in APEC.

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

HRDWG held events and concluded projects throughout the year, including –

- The *APEC Cyber Education Cooperation* project under the APEC Education Foundation (AEF) involves dispatching Youth Internet Volunteers to developing economies in APEC to help teachers gain essential Internet skills, and establishing the APEC Cyber Education Network to enable information sharing, expertise exchange and educational cooperation among teachers and students in IT education. The ultimate aim is to narrow the digital divide across the APEC region. Enhancing cyber education cooperation within APEC has been and will continue to be the Foundation's priority area.
- The second Steering Committee meeting for the APEC Architect project was held in Sydney, Australia in June 2002. This project builds on the earlier success of the APEC Engineer project as part of the effort towards mutual recognition of qualifications and improving mobility of professionals in the APEC region. The Steering Committee also met in Kuala Lumpur, Malaysia in December 2002.
- A training workshop on *Prevention and Resolution of Labour and Employment Disputes* was held in mid-July 2002 in Bangkok, Thailand under a project to impart training in new and different techniques and to survey the APEC region for different models of institutions which may be adapted for use.
- The 4th *APEC Educators Exchange Programme* was held in Singapore in July and August 2002, incorporating conferences and site visits. The aim was to share experiences and ideas on using IT in education.



- A workshop on advanced risk management was held in Kuala Lumpur, Malaysia in early August 2002 as part of the *Capacity Building Programme for Trade and Investment Insurance Practitioners*. The programme aims to strengthen the institutional capacity of agencies providing trade and investment insurance in an emerging and dynamic global economic environment. An on-the-job training programme was also held in Korea in late August 2002 as part of the same programme, where participants were placed on attachment at a local export insurance corporation. The final component of the project, a capacity-building workshop, was held in Bali, Indonesia in the first week of April 2003
- An experts' workshop was held in Auckland in August 2002 to mark the start of a project to develop training materials for managers engaged with the regulatory environment created by institutions such as the World Trade Organisation. The materials will be developed, and then piloted in three APEC Member Economies. This kick-off workshop aimed at defining the regulatory areas and procedures in which the training materials will be developed.
- An experts' workshop, *CEO Briefing and Executive Seminar* was held as part of the *Alternative Dispute Resolution Executive Education* project in Manila, Philippines in early September 2002. The project is aimed at training executives in ways to settle disputes as alternatives to the conventional and more adversarial method of going to court. This is especially important as businesses become more global and the project will also produce materials to disseminate such knowledge in APEC economies.

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Industrial Science and Technology

The Industrial Science and Technology Working Group's (ISTWG) objective is to fulfill the APEC vision for the 21st century, being "a dynamic and prosperous Asia-Pacific region built on the development and application of industrial science and technology that improves the quality of life while safeguarding the natural environment and achieving sustainable development." In its first *ISTWG Medium-term Workplan (MTWP)*, the following issues/themes have been identified for future work –

- Connecting Research and Innovation.
- Human Capacity Building for S&T for the New Economy.
- Establishing an APEC S&T Policy Forum.
- Expanding APEC Cooperation in Key Technologies for the 21st century.
- Prevention and Control of Infectious Diseases.
- Science, Technology, and Innovation to meet the Environmental Challenge.

The ISTWG currently has four *ad hoc* groups covering different IST issue areas. They are –

- *Ad Hoc* Group A: Key technologies and Human Resource Capacity Building.
- *Ad Hoc* Group B: Connecting Research and Innovation and Dialogue on Industrial S&T Policies.
- *Ad Hoc* Group C: Infectious Diseases and other health issues.
- *Ad Hoc* Group D: Cleaner production and other environmental issues.

Latest Developments

The ISTWG agenda for 2002–2003 includes –

- Implementation of the HIV/AIDS Strategy.
- Follow-up to the APEC S&T Policy Forum.
- Preparation for the 4th IST Ministerial Meeting in March/April 2004.
- The already extensive project activity within ISTWG.

Key Outcomes

In order to implement its agenda and handle ISTWG activities more efficiently, a *Proposal to Restructure the Management and Operation of the APEC Industrial Science and Technology Working Group* was agreed in the 22nd ISTWG meeting held on 16–17 April 2002 at the APEC Secretariat.

The 23rd meeting was held in Chinese Taipei on 24–27 September 2002 and the meeting was conducted in a paperless environment. The proposal of hosting the 4th IST Ministerial Meeting was endorsed in the 24th meeting.

Other key outcomes include –

- The successful conclusion of the *APEC S&T Policy Forum* with the theme of *Science, Technology, and Innovation in the New Economy: Building Capacity across APEC*. Two background papers *Human Capacity Building for S&T across APEC*, and *Human Capacity Building for Science, Technology & Innovation across APEC: Preconditions and Key Issues for Success* were prepared for the forum.
- The APEC strategy to combat HIV/AIDS and other infectious diseases was prepared. The strategy, entitled *Infectious Diseases in the Asia-Pacific Region: A Reason to Act and Acting with Reason*, was accepted and endorsed in the APEC Economic Leaders meeting of 2001. The strategy builds on the existing *APEC-ISTWG Emerging Infectious Diseases (EID) Action Plan* and emphasises opportunities for collaboration not only among APEC Member Economies, but also with external organisations and other interested parties concerned with global and regional health issues. In the SOM I of 2002, the *APEC Infectious Disease Initiatives* prepared by the ISTWG and based on this strategy was endorsed. Progress on implementation was presented at SOM II and SOM III.

- In 2002, the *APEC Forum on Venture Capitals Role in Science Parks and Business Incubators* project was successfully implemented. The successful practice and experience of Seed Fund and Venture Capital in Science Parks and Business Incubators have been shared and exchanged among participants. The result of this project benefits members in the fields of Venture Capital and Financing for SMEs by improving the management skills of managerial personnel and providing more cooperative opportunities in the field of technology for enterprises in Science Parks and Business Incubators.
- The paperless meeting successfully conducted in Chinese Taipei has established an example that could be copied in future APEC meetings.



Brief History

The Industrial Science and Technology Working Group (ISTWG) has evolved from the Working Group on Expansion of Investment and Technology Transfer, which was formed at the APEC Ministerial Meeting in Singapore in 1990. The policy directions of ISTWG were set by APEC Economic Leaders, and are guided by APEC Ministers responsible for Science and Technology. In 1997, the Leaders called for APEC fora to review their mandates and at the 14th ISTWG meeting on 17-18 March 1998 a new version of the ISTWG action agenda was finalised. Six key priorities were adopted. They are: improved availability of information; improved human resources development; improved business climate; contribution to sustainable development; enhanced policy dialogue and review; and facilitation of networks and partnership. ISTWG's activities are focused on the implementation of three major initiatives - the *APEC Agenda for S&T Industry Cooperation for the 21st Century*, the *Mexico Declaration* and the *Cleaner Production Strategy*.

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Marine Resource Conservation

The Marine Resource Conservation Working Group (MRC) was established in 1990 to protect the collective marine resource. The main task of this group is the implementation of the *Action Plan on Sustainability of the Marine Environment*. Dramatic progress is being made in this project, and APEC Member Economies will benefit from the socio-economic and environmental gains which will result from this initiative.

Latest Developments

The 16th MRCWG meeting will be held in Hanoi, Viet Nam on 9–14 June 2003.

In June 2002, the *Integrated Ocean Management Forum* was successfully held in Canberra, Australia. This Workshop contributed to achieving the objective and goal of the action plan and utilised the three central tools identified in that plan. This project benefits all stakeholders including government agencies responsible for ocean management and business with interests in the marine environment. It helps APEC Member Economies to develop strategies for future sectoral and multi-sectoral oceans management in the region and to share information on integrated oceans management.

On 24–26 April 2002, the first APEC Ocean-related Ministerial Meeting was successfully held in Seoul, Korea. Ministers endorsed the Seoul Oceans Declaration. In the Declaration, recommendations on marine environmental protection and integrated coastal management were agreed and it has laid the direction for future MRCWG activities.

Key Outcomes

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

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

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

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

The 15th MRC working group meeting (MRC15) was held on 11–13 June 2002 in Canberra, Australia. In its 15th meeting, the Lead Shepherd outlined some new directions for MRCWG to consider. While there was support for strengthening the policy focus of the MRCWG, it was noted that this focus should be complementary to the strong scientific and technical cooperation focus which has been a key strength of the working group to date. MRCWG agreed that –

- The MRCWG pursues a pivotal role in integrating ocean and coastal programming within APEC. This would amount to working closely with other working groups and committees to share information on ocean and coastal matters to encourage participation on projects of joint interest.
- An Informal Group on Ocean Policy should be established to: analyse the MRCWG traditional and historic roles; consider the newer policy directions arising from Leader's statements; and develop a strategic policy direction for the MRCWG that strengthens its policy role on ocean and coastal matters within APEC.
- A team will be established to undertake a review of MRCWG operations in relation to the *APEC Action Plan for the Sustainability of the Marine Environment*. It should also identify gaps and recommend future actions.
- The meeting recommended that a proponent be found to scope a project that will define and determine the value of current marine-related activities across both domestic and international jurisdictions in Asia-Pacific, to be used to inform Ministers of the economic context of marine-related activities in the APEC region.

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Small and Medium Enterprises

APEC recognises that Small to Medium Enterprises create most of the employment in the Asia-Pacific region and represent the backbone of regional economic growth. The Small and Medium Enterprises Working Group's (SMEWG) main objective is to encourage the development of the Small and Medium Enterprises in the region.

Latest Developments

The APEC SME 2003 theme is *Strengthening APEC Entrepreneurial Society* and the sub-themes are–

- Entrepreneurship Development.
- Business Creation, Capital Formation and Access to Financing for Micro, Small and Medium Enterprises
- Capacity Building and addressing the impediments to SME Exporters

In its last meeting in February 2003, the SMEWG, approved the terms of reference for the Sub-Group on Micro-enterprises. This Sub-group will serve as a forum for micro-enterprise policy dialogue among APEC Member Economies, to exchange and share experiences, to cooperate on strengthening micro-enterprises and to formulate an Action Plan for capacity building and micro-enterprise development.

Key Outcomes

The SMEWG hosted a *Seminar on Growing the APEC SME Exporter Community* in February 2003. The aim of the Seminar was to generate an open discussion amongst membership of the SMEWG on the important issue of promoting regional SME exporters.

In August 2002 the *Integrated Plan of Action for SME Development (SPAN)*, that has been guiding the APEC efforts to encourage the growth of SMEs in the region, was revised to include new elements, including an evaluation framework which will assist APEC fora and Member Economies to identify and analyse policy issues, in order to enable them to promote development of SMEs.

Also in August 2002, the SMEWG agreed to set up a sub-group on Micro enterprises that will focus on the unique needs of Microenterprises, which have different characteristics and needs from SMEs.

The SMEWG held an *APEC Symposium on Best Practices Guidelines for Enhancing Women Entrepreneurship and Start-up Companies* in August 2002.

Brief History

In February 1995 an Ad Hoc Policy Level Group on SMEs (PLGSME) was established. Originally set up for two years its term was extended in 1996 and in 1998. In 2000, this group was renamed the Small and Medium Enterprises Working Group and granted permanent status. The meeting of Ministers responsible for SMEs has been held annually since 1994.



MARINE
RESOURCE
CONSERVATION

SMALL AND
MEDIUM
ENTERPRISES

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Telecommunication and Information

The Telecommunication and Information Working Group (TEL) is committed to improving the telecommunications and information infrastructure in the region and to facilitating effective cooperation, free trade and investment and sustainable development.

The TEL's *Program of Action* covers implementation of the *e-APEC Strategy*, implementation of the *Digital Divide Blueprint for Action*, promoting policy and regulatory measures to liberalise trade and investment in the telecommunications and information sector, e-security, e-government, mutual recognition arrangements for the conformity assessment of telecommunications equipment, human capacity building and an active dialogue with the business community.

More information is available on the APEC TEL website at, www.apecstelwg.org.

Latest Developments

- A Stocktake of Progress toward the Key Elements of a Fully Liberalised Telecommunications Sector in the APEC Region.
- Flow-based Internet Traffic Measurement and Analysis.
- E-Commerce Strategies for Rural SMEs in APEC.
- Expanding the Vendor IT Training Materials Database.
- Interconnection Training Workshops.
- Issues related to upgrading from the current Internet Protocol to Version 6.
- WTO Capacity Building.
- Training to implement the Mutual Recognition Arrangement on Conformity Assessment.
- Progress to overcome the digital divide that limits many economies, rural communities and geographic regions from fully exploiting the benefits of the Internet.
- A dialogue on e-Government at TEL27. TEL will also participate in the 2nd High Level Symposium on e-Government in Mexico in November 2003.
- Publication of the report *Electronic Authentication – Issues relating to its selection and use* (www.apecsec.org.sg/download/tel/Tel_EA_2003.pdf)

Forthcoming events to be held at TEL28 in September 2003 include workshops on the WTO, telecommunications liberalisation, website accessibility, online content, facilitating broadband deployment and Computer Emergency Response Teams (CERTs).

Key Outcomes

At the 5th APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN) in May 2002 in Shanghai, Ministers agreed to a *Statement on the Security of Information and Communications Infrastructures*, which comprises the recommendations from the United Nations General Assembly (UNGA) Resolution 55/63 on *Combating the Criminal Misuse of Information Technologies*.

To implement the Ministers' Statement, TEL has disseminated a compendium of IT security standards, undertaken a survey of cybercrime legislation and is strengthening the capacity of institutions through the *Cybercrime Legislation and Enforcement Capacity Building Project* and the *Computer Emergency Response Team (CERTs) Awareness Raising and Capacity Building Project*. The TEL has also supported the production of a simple guide to protect internet users from potential problems such as viruses, Trojans, spyware and the invasion of privacy. More information can be found at, www.aoema.org/SafetyNet/

Brief History

The APEC Telecommunications and Information Working Group (TEL) was formed in 1990. Four steering groups on liberalisation, business facilitation, development cooperation, and human resources development, propose, implement and monitor projects and activities to advance the overall goals of APEC.

The business/private sector is actively involved in TEL activities, including all four TEL steering groups. Many projects are both initiated and driven solely by the business/private sector or in cooperation with the public sector. The TEL has a set of *TEL Sponsorship Guidelines* as well as a set of *TEL Website Sponsorship Guidelines*.

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Tourism

Tourism is a key economic issue for the Asia-Pacific region. It creates jobs and promotes investment and development. APEC's Tourism Working Group (TWG) continues to develop a common strategy on tourism by incorporating the four policy goals into each economy's tourism strategy and to improving the tourism industry across the region. Four policy goals constitute the *APEC Tourism Charter*. These include –

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

TWG looks for ways to generate greater involvement by the private sector, improve the level of awareness of the groups' activities and to advise people as to what is being done in APEC and the TWG. The TWG continues to bring together tourism administrators to share information, exchange views and develop areas of cooperation on trade and policies.

Latest Developments

A new project proposal, *Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism*, was approved as TWG 02/2003 project in March 2003. This project is aligned with the Leader's statement, the TWG's Policy Goal 2 and touches on Policy Goal 1. It will take a broad-based approach and will cover all aspects of security.

The membership of the APEC International Centre for Sustainable Tourism (AICST) has grown to 11, with a further 5 economies expressing interest in becoming members. Economies that have become members include: Australia; Hong Kong, China; Mexico; Chinese Taipei; Thailand and the US. Chile, Korea and New Zealand will be joining. Universities include Griffith (Australia) Hong Kong Polytechnic University and the University of Hawaii. Proceeding with membership are the University of Texas and Penn State.

AICST is currently working on the, *Small and Medium Size Tourism Businesses Development Needs* project which was approved by the Ministerial Meeting at Los Cabos, Mexico in October 2002. Another four projects are under development based on the input of the members.

The *Disaster Recovery Strategy* proposal recently received endorsement by the TWG for potential funding from Australia's aid agency, AusAid.

Key Outcomes

At the 21st TWG meeting held in Hualien, Chinese Taipei on 20–21 November 2002 the outcome of the *Tourism Impediments Study, Phase 1* project was presented. The project was developed based on Policy Goal No.1 – *Removal of Impediments to Tourism*

Business and Investment. Six APEC Member Economies participated in the project which studied impediments to trade, including: national policies such as universal visa requirements; movement controls; application of taxes and infrastructure limitations. The study helped economies to deal with the issue of facilitation amongst various government bodies. It was found that decisions are often made that affect the tourism sector without consulting the Tourism Ministry. The workshop conducted as part of the project, assisted in conveying to all stakeholders the necessity of inter-agency consultation.

APEC Member Economies found the study to be useful and proposed to continue with a second phase, to provide the opportunity to participate APEC Member Economies which were not able to participate in the first phase.

Brief History

The Tourism Working Group (TWG) was formed in 1991 when it was recognised that the tourism industry was of growing importance in promoting economic growth and social development in the Asia-Pacific region.

Tourism – Key Contacts

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TELECOMMUNICATION
AND
INFORMATION

TOURISM

Trade Promotion

The Working Group on Trade Promotion (WGTP) objectives are to improve understanding of the role and functions of the APEC Member Economies' trade agencies and facilitate cooperation between the business/private sector and trade promotion organisations (TPO). Its work centres on trade skills and training, exchanging trade promotion-related information, experience and good practice.

Latest Developments

In 2003, the following three projects are to be implemented –

- *International Market Analyst Training* by Indonesia in 2–6 June 2003 in Jakarta. This project aims to help the staff of TPOs and business people to analyse the international market, improve their marketing strategies and to enable TPO staff to give advice on the know how to enter the international market.
- *Gender Analysis in TPO Activities* by Chile in 3–5 September 2003 in Santiago. The objective is to analyse gender participation in TPOs.
- *Promoting Indirect Exports through Suppliers Development* by Mexico in March 2004 in Mexico City. This project aims to benefit all APEC Member Economies through increasing trade and investment contacts and exchanges of information. This will encourage interaction among business people and officials of TPOs, facilitating new business and better understanding. The project will help to disseminate information on forecasts for the electronic and automotive sectors among all participants.

The 5th Steering group Meeting is scheduled for the August 2003 in Phuket, Thailand. The next 16th WGTP meeting is to be in Auckland in 2004.

The last WGTP Meeting took place in Mexico City on 26–28 March 2003. The purpose of this event was to follow-up the three main areas of work, which are: *exchange of trade information and improving networking; sharing experience in the area of Trade Promotion; and improving trade skills and training.*

The *APEC Seminar on Product Branding* took place in Kuala Lumpur, Malaysia, on 1–3 April 2003. This event aimed to educate trainees from APEC Member Economies about the concept of branding in international trade, developing skills in formulating branding strategies and effective implementation and evaluation of branding programmes.

At the 15th Meeting in Mexico City Australia delivered a report on the *Core Characteristic Survey (CCS)* outlining the TPOs activities. The primary objective of this report was to provide all APEC Member Economies with a clear understanding of the roles, functions and activities of the trade promotion organisations in APEC. The final report is available from APEC Secretariat library.

Key Outcomes

The WGTP's work to encourage business groups to establish a network among themselves helped launch the APECNet (www.apecnet.org.sg), which contains information on the WGTP and its activity. It also allows the business/private sector to search for business opportunities (including business match services) in APEC Member Economies, by posting inquiries and accessing member economies' homepages.

In 2002 the business/private sector participated in various trade skills and training courses. This activity provided the business/private sector with opportunities for improving their knowledge of better product quality and services as well as networking opportunities among themselves and officials of APEC Member Economies.

Major achievements in 2002 include the implementation of the following projects –

- In May 29-June 2, 2002 Thailand hosted two important food exhibitions, *Thailand International Food Exhibition (THAIFEX)* and the *Thailand International Muslim Food Exhibition (THAIMEX)*.
- A seminar on *Complete E-Trade* was held on 5–6 September 2002 in Beijing, China. The seminar aimed to assist traders and trade supporting agencies, and policy makers to familiarise themselves with the latest initiatives, including the legal aspects and related issues in e-trade development.
- A seminar on *Product Packaging* was held in September 30–October 3, 2002 in Tokyo. The seminar focused on consumer packaging, especially in the food-packaging field, experience in product packaging and explored ways to preserve, add value and increase competitiveness of products.

Brief History

The Working Group on Trade Promotion (WGTP) first met in Seoul, Korea in June 1990.



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Transportation

The Transportation Working Group aims to achieve liberalisation of APEC Transport Systems in order to encourage economic development in the Asia-Pacific region. Their efforts are focused on facilitation of domestic policy regulations and secure transport activity, including building capacity of all stakeholders in their ability to reach the eventual goal of free trade in the APEC region.

The TPT is organised into three steering committees covering –

- More competitive transportation industry (including infrastructure).
- Safe and environment-friendly transportation systems (including new technologies).
- Human resources development.

Latest Developments

The 22nd TPTWG meeting will take place in Busan, Korea on 1-5 September 2003.

Shanghai Accord

In the area of *Shanghai Accord* implementation, particularly Trade Facilitation, the TPTWG is completing the survey of *Non-Tariff Measures in the Transport Sector* with the goal of identifying non-tariff restrictions to trade in the transport sector. It is discussing and deepening understanding on issues relating to facilitation of international shipping as a part of the *Maritime Initiative*. The group is also focusing on reducing or eliminating requirements of paper documents (both regulatory and institutional) by 2005 for developed economies and 2010 for developing economies.

Pathfinder Initiatives

The group is currently considering the suggestion of the Lead Shepherd that eight options for more competitive air services could be converted into a possible *Pathfinder Initiative*.

In the framework of the *Road Transport Harmonisation* project members identified the need to study the potential for a pathfinder project to assist developing APEC economies to facilitate trade whilst in the process of preparing advanced regulatory and certification systems.

The Steering Committee on Safe and Environment-friendly transportation systems (including new technology) is developing a *Pathfinder Initiative* using the GNSS Implementation Team project as a model for submission to the TPT-WG and notification to the SOM.

Economic and Technical Cooperation (ECOTECH)

TPTWG is focusing on meeting four new major priorities defined by the ECOTECH SOM Committee by identifying the needs for capacity building in paperless activity, developing common standards and intermodal skill, as well as training seafarers in order to facilitate transport procedures in the region.

The group is also developing a model mutual recognition framework for the recognition of transport professional qualifications.

In recent months members efforts have focussed on training transport personnel and officials to deal with new challenges such as introduction of new approaches and technologies to secure safety transportation and confining the possible consequences of terrorist attack.

These collective actions are designed to bridge ECOTECH and TILF activities and meet the ultimate goal – trade and investment liberalisation.

Counter Terrorism

To counter terrorism, the TPTWG is in the process of working out new approaches to meet the first outcomes of the *STAR Initiative* implementation, particularly the results of the STAR conference held in 23-25 February 2003, Bangkok, Thailand. Members of the group are involved in the discussions on intermodal supply-chain security and enhancing security throughout international and domestic supply-chains in the APEC region while facilitating the efficient cross-border movement of legitimate commerce.

Projects

Under TPTWG umbrella the following projects in respect of counter-terrorism activity are completed or underway:

- Symposium on Promoting 100% Baggage Screening;
- Terrorism Crisis Management Exercise;
- Survey of Training Requirements and Capabilities, including Development of a Training Database;
- Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transportation Systems (ITS) and;
- e-Commerce Technologies (“the APEC Secure Trade Project”) – approved by the BMC in March 2003-04-14
- Aviation Law Training in APEC Economies
- Sea and Air Container Track and Trace Technologies; Analysis and Case Studies” – project as a follow-on demonstration project involving ITS technology to track and trace air and sea containers.



TRANSPORTATION

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OTHER APEC ACTIVITIES

APEC BUSINESS ADVISORY COUNCIL

APEC is virtually unique among international trade organisations in the way it involves the private sector in its work. APEC has long realised the critical role business plays in developing and sustaining economic growth and prosperity. The APEC Business Advisory Council (ABAC) is the private sector arm of APEC. ABAC was established in 1995 as a permanent body to advise the APEC Economic Leaders on the priorities and initiatives needed to promote more open trade and investment in the Asia-Pacific region. ABAC holds a dialogue with the APEC Leaders during their annual meeting in which ABAC presents a set of recommendations to the Leaders. The group also meets four times each year and sends a representative to Ministerial meetings.

ABAC comprises up to three senior business representatives from each APEC Member Economy, appointed by the Leader of that economy. ABAC members come from a wide range of manufacturing and service sectors, and represent a broad spectrum of business interests. Typically, one ABAC member from each economy comes from a small to medium-sized enterprise, a sector critical to economic development and employment.

ABAC does its work through working-level groups. Those for 2003 cover financial stability; trade and investment liberalisation; trade and business facilitation; capacity building; and group to monitor the progress reported in APEC's action plans.

The Chair of ABAC comes from the economy hosting the APEC Leaders meeting of that year and, as a result, changes annually.

Latest Developments

ABAC has already established its working-level groups for 2003 and they began their work at ABAC's first meeting of the year in March in Lima, Peru. At the close of this meeting, ABAC expressed deep concern over the global economic outlook and asserted that real economic growth can only occur with an expanding business commitment in investment, employment and trade. The group concluded that the deterioration throughout APEC of the key economic indicators needs the urgent attention of APEC Economic Leaders. ABAC believes that the situation can be reversed if, among other things, APEC Economic Leaders vigorously promote free and open trade in the APEC region; enhance security in ways that continue to allow the free flow of goods and people; and confront critical challenges in corporate governance and transparency.

In addition at the Lima meeting, the working level groups began their preparations to develop recommendations both for the APEC Economic Leaders meeting in October and for the meeting of the Ministers Responsible for Trade in June. In this regard, the financial stability group explored the impact of the new security environment on business and financial systems. It also targeted the severely undercapitalised reinsurance market and considered steps to improve corporate governance and transparency, as well as further strengthen financial, including capital, markets.

The trade and investment liberalisation working group set priorities to move ahead the Doha Development Agenda, especially in agriculture and services; discussed transportation liberalisation and facilitation; and reviewed the relationships between regional and bilateral free trade agreements and the WTO/APEC approaches.

The trade and business facilitation working group discussed security as it affects facilitation and energy security. It also explored strengthening intellectual property rights protection in a number of different areas and debated how to address new European Union regulations affecting chemical products, which are found in virtually every industry.

Under capacity building, the working group examined issues that cut across APEC, including SME development, building critical infrastructure and establishing recycling-based economies. The group also discussed how to strengthen institutions for capital markets; enhance organisations through improved corporate governance; and build human capital for executives and professionals.

The working group monitoring APEC's individual action plans supported the mid-term review of APEC's free trade and investment goals, is seeking to promote greater progress in agricultural issues, and continue to push for more accountability from APEC on past ABAC recommendations.

ABAC will meet next in May in Tokyo to a preliminary report of its recommendations for delivery to the APEC Ministers Responsible for Trade who will meet in early June in Khon Kaen, Thailand. ABAC will finalize its report to APEC Leaders at its meeting in Bali in August and will hold its annual dialogue with the Leaders in Bangkok in October.



Key Outcomes

In October 2002, ABAC held its dialogue with APEC Leaders in Los Cabos, Mexico. In addition, ABAC presented Leaders with its report of recommendations on how to improve the business climate in the APEC region. ABAC urged Leaders to improve implementation of earlier ABAC recommendations. The Financial Task Force focused on measures to strengthen corporate governance, deepen and broaden capital markets, and support implementation of the Basel II Accords in capital adequacy.

The Technology Task Force followed up some earlier recommendations in the areas of internet-based training, e-commerce, paperless trading and government on-line, and in biotechnology. The Business Facilitation Task Force urged increasing the number of APEC members participating in the *APEC Business Travel Scheme* and moving ahead the *APEC Food System*, which aims to establish an agricultural export subsidy free zone and calls for the abolition of food sanctions. The group also calls on APEC Economic Leaders to align local standards to international standards.

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APEC FINANCE MINISTERS' PROCESS

The Finance Ministers process provides a forum to exchange views and information among members on regional financial developments and to pursue cooperative programmes to promote financial sector development and liberalisation. Thailand selected as the theme for this year's meeting, *Local/Regional Link, Global Reach: A New APEC Financial Cooperation*. The three priorities of the work programs for this year are the local/regional links and global reach on -

- Grass-root and SME development.
- Regional bond markets.
- Regional trade arrangements.

Business and Private Sector Participation

The Finance Ministers process welcomes input to its deliberations from the APEC Business Advisory Council (ABAC) and the private sector APEC Financiers Group (AFG). ABAC is made up of up to three business representatives named by APEC Economic Leaders to advise them on business issues and to present the Leaders with an annual report detailing businesses' recommendations to APEC. The AFG is less formal than ABAC but is made up of representatives from APEC financial institutions who similarly advise the Finance Ministers on issues of concern to their sector. The Pacific Economic Cooperation Council (PECC) also regularly observes Ministerial meetings. Private financial services firms have also supported some projects.

Key Outcomes

The Finance Ministers process led APEC's response to the Asian financial crisis by accelerating its collaborative initiatives to develop regional financial and capital markets and support freer and stable capital flows in Asia-Pacific. In recent years, its work has expanded to include a focus on countering terrorist financing and responding to the economic impact of terrorism. The Ministers reviewed progress in these areas at their meeting in Los Cabos, continuing their work in combating the financing of terrorism and money laundering, advancing pending fiscal and financial reforms, and improving the allocation of domestic savings for economic development.

At their meeting in Los Cabos, the Ministers agreed that the majority of indicators suggest that the global economic recovery is under way but that uncertainties regarding the strength and pace of the expansion remain. Some of the specific outcomes of the meeting include -

Combating the financing of terrorism and money laundering

The Ministers stressed that they remain committed to disabling the financial networks of terrorists and released an action plan to combat the financing of terrorism. The action plan includes steps to -

- Cut off access for terrorists to the international financial system.
- Implement international agreements and standards in suppressing terrorism financing.
- Enhance oversight of alternative remittance systems and non-profit organisations, including what are known as "hawalas".
- Committing to a range of law enforcement actions and information sharing.
- Providing technical assistance for those members unable to implement international best practice recommendations in countering terrorist financing.
- Expanding efforts in this area to include other international and regional organisations

Advancing pending fiscal and financial reforms

The Ministers encouraged prudent and transparent fiscal management, including avoiding significant structural fiscal deficits and enhancing the efficiency of public expenditure. The Ministers also called for further strengthening of banking supervision, market disciplines and corporate governance in the financial system, based on sound legal systems and accounting standards and practices.

Improving the allocation of domestic savings for economic development

The Ministers agreed that the key to sustainable long-term economic growth is to channel both domestic and foreign resources into their most productive forms of investment. They also agreed that financial sector liberalisation supported by a strong supervisory and regulatory framework has an important role to play in enhancing competition in the financial sector. Ministers also called on members to carry out steps to promote more openness, diversity and competitiveness in their financial markets, including by developing regional bond markets. In this regard, the Ministers endorsed a proposal for the development of a securitization and credit guarantee market.

Building stronger foundations for sustainable growth in the APEC region

The Ministers welcomed the progress made by policy initiatives under the APEC Finance Ministers Process in contributing to financial and corporate sectors in the region.

Finance Ministers Process Projects

The Finance Ministers process has become increasingly active over the last several years in designing and implementing projects using APEC funds. Below are descriptions of some of these recent projects, many of which are carried out in phases over several years.

APEC Pension Fund Reform Seminar

This was held in Thailand in March, 2000. It was part of a continuing series of regional seminars on pension fund reform. The seminars focused on such issues as individual policies, the costs of the transition from public to private systems and their possible financing, the role of specialised institutions in pension fund administration and the performance of the public sector as a safety net provider.

APEC Financial Regulators' Training Seminar: Strengthening Training Programs and Processes

These seminars are a multi-year project aimed at improving the quality of domestic level training programmes for securities regulators and ensuring that core curricula and international best practices and standards are being incorporated into domestic banking supervisors' training programs.

APEC Securities Regulators' Regional Seminar: Risk Management and Regulation of New Products

This seminar provided training in risk management and the regulation of new products and exposed participants to a range of regulatory and monitoring tools and resources.

APEC Bank Supervisors Regional Seminar—Credit Risk Analysis/Curriculum Development

This seminar delivered a combination of practical technical skills and knowledge in credit analysis and examination skills needed in asset quality review and will include instruction on curriculum development and course delivery that will enable participants to develop, improve and instruct in the topic of credit risk analysis in their own organizations.

APEC Securities Regulators Regional Seminar—Supervision of Market Intermediaries

This 2001 seminar delivered practical technical skills and procedural knowledge, including in the area of licensing of market intermediaries, prudential regulation and standards, conduct of business rules, role of risk management and controls and the various forms of regulatory supervision.

APEC Securities Regulators Regional Seminar—Enforcement Training Programme

This seminar for securities regulators delivered practical technical skills and procedural knowledge, including in the areas of planning and executing an investigation into breaches of law or regulation, market surveillance and monitoring, gathering information and evidence, examination and management, statement taking and litigation support.

APEC Bank Supervisors Regional Seminar—Bank Analysis and Examination/Curriculum Development

This training seminar for bank supervisory practitioners and training instructors in the area of bank analysis and examination, enabled participants to understand the CAMELS rating system (capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risks) and risk-based supervision.

In addition to the work surrounding the APEC Leaders' Meeting, there were a number of other key outcomes of last year's meeting relevant to the work of the Finance Ministers. They include -

2002 Economic Outlook

This publication, developed by APEC's Economic Committee, provided evidence that the world economy has bottomed out of its cyclical trough. The APEC economy is expected to strengthen growth momentum in the near future. Projections anticipate the APEC economy will grow at a rate of over 3.0 percent in 2002 and 4.0 percent in 2003. However, a number of risk factors could affect this optimistic forecast: widening external imbalances, poor performances of corporate profits combined with improper corporate accounting practice scandals and their implications for world financial markets, and the volatile situation in the Middle East and its adverse effect on the world oil price.

Promoting Sustainable Economic Growth

Work in this area included reviews of the activities of the APEC Finance Ministers' Process and a pledge to accelerate structural reforms to strengthen market fundamentals across the region, emphasising sound economic policies and corporate governance as well as the importance of governments in shaping a legal and regulatory framework that encourages competition and innovation.

In other work aimed at countering terrorism relevant to the Finance Ministers Process, the APEC Economic Leaders took a number of practical steps to enhance cooperation, including -

- Adopting appropriate financial measures to prevent the flow of funds to terrorists.
- Strengthening APEC activities in critical sector protection, including in telecommunications, transportation, health, and energy.
- Enhancing customs communications networks to better enforce laws while minimizing the impact on the flow of trade.
- Cooperating to develop electronic movement records systems to enhance border security while not disrupting the movement of legitimate travellers.
- Strengthening capacity building and economic and technical cooperation to help member economies establish effective counter-terrorism measures.
- Cooperating to limit the economic fallout from the attacks and restore economic confidence in the region through policies to increase economic growth and ensure a stable environment for trade, investment, travel, and tourism.

Other APEC Events

Mexico hosted a one-day *APEC Forum on Globalization and Shared Prosperity* in Merida in May 2002, where a number of different speakers presented various aspects of the debate on globalization and helping to ensure that it brings about shared prosperity throughout the APEC region. The proceedings from this discussion will be available in due course.

APEC's Ministers for Small and Medium Enterprises (SME)

SME Ministers met in August 2002 under the theme, *Expanding the Benefits of Cooperation for SMEs*. Ministers reaffirmed their commitment to enhance the business and operating environment for SMEs through –

- *Micro Financing and Capital Markets.* Ministers discussed helping SMEs through such approaches as the creation of guarantee funds or the participation of non-banking intermediaries and providing a legal framework to assure fair trade practices in the region;
- *Access to Information.* Ministers encouraged SMEs to take advantage of the new on-line SME information systems and other available sources for information on financing, training, technology and business opportunities;
- *Access to Markets.* Ministers called on APEC working groups to develop programs to remove obstacles to regulatory reform, financial services, access to technology and capacity building to ease the transition to exporting for SMEs and micro enterprises;
- *Sustainable Development.* Ministers touched on a number of areas including micro-financing as a sustainable development tool; seed and venture capital business and guarantee funds; incubation policy towards start-up SMEs; knowledge platforms for business start-ups; access to information and communications technology; and the variations in needs in different regions within APEC.

Brief History

APEC Finance Ministers first met in 1994 in Honolulu, USA. Since then they have met annually, most recently in September 2002 in Los Cabos, Mexico. Meetings are also held between the Ministerial meetings at the Deputies and Technical Working Group levels. The current chair is Thailand.

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APEC FOOD SYSTEM

The APEC Food System (AFS) is a joint and cross-cutting action being implemented by all APEC Member Economies and APEC fora with an eye to achieving three food related goals - the development of rural infrastructure, the promotion of trade in food products, and the dissemination of technological advances in food production and processing.

Latest Developments

APEC Economic Leaders, during their meeting in Brunei Darussalam in November 2000, welcomed the progress report from Ministers on the Implementation of the AFS recommendations. In addition to reconfirming their commitment to address in parallel the three areas of cooperation described above they also urged APEC fora and members to increase momentum for implementation as recommended by the ABAC. At their meetings in Shanghai in October 2001, Leaders seconded Ministers' call for accelerated implementation of AFS.

Key Outcomes

The AFS recommendations have been, and are being, implemented by most of tasked fora/ sub-fora indirectly and in generic terms -

- For CTI and its sub-fora, with the exception of the Sub-committee on Standards and Conformance (SCSC), progress achieved in advancing APEC's TILF agenda and in strengthening of the multilateral trading system, is of benefit to all sectors, including food.
- The SCSC agreed that their work programme would focus on the production of APEC Member Economies' regulatory profiles on the food and drug interface, and would compile information and case studies on decision-tree analysis. The SCSC made progress with regard to, among other issues, its work related to the *WTO Agreement on Sanitary and Phytosanitary Measures (SPS)*, the *APEC Food MRA*, and the *Food Standard Experts Network*.
- The SOM Committee on Economic and Technical Cooperation noted that some of the AFS recommendations, such as those on human resource development and technology transfer, appear to have been successfully implemented. However, it also noted that greater attention should be paid to the full implementation of the AFS so that agricultural producers and consumers will receive significant benefits from the increased flow of technology, greater trade in food, more competitive food industries, and enhanced rural infrastructure.
- The Agricultural Technical Cooperation Working Group has actively participated in the implementation of the AFS recommendations, conducting projects on post-harvest technology and on how to develop farmers' participation in agricultural technology transfer and training and holding workshops on food processing, research and development and extension of agricultural biotechnology.
- The Industrial Science and Technology Working Group has carried out a project on biotechnology for implementation of the AFS recommendation on cooperation in R&D and the dissemination of food-related technology. This project provided a valuable forum for sharing information and experience among government officials, entrepreneurs and research scientists.
- The Human Resource Development Working Group has completed several on-line projects that have particular value for rural education, taking advantage of network technology.
- The Small and Medium Enterprise Working Group held a seminar where government officials meet and discussed how to create a policy environment to enable SMEs to best deal with challenges of the new environment and to reap the new opportunities after the China accession to the WTO.

APEC Member Economies report that they are fully and faithfully implementing the four recommendations set down in the tasking matrix. They stress that they are implementing commitments, especially in tariff and domestic support, from the Uruguay Round of negotiations in a manner fully consistent with the WTO Agreement on Agriculture. Economies also report that they continuously pursue agriculture trade reform and the *Bogor Goals* in the food sector. Some APEC Member Economies submitted comprehensive proposals to the WTO to address the wide range of issues such as non-trade concerns, distortions to agricultural trade and rules and disciplines on exports. Economies have also made progress in improving the availability of rural education.

Recent Key Outcomes

In October 2002, APEC Ministers agreed on the inclusion of the AFS as a separate chapter in the IAPs.

Brief History

In November 1998, APEC Economic Leaders restated their resolve to create a prosperous Asia-Pacific community. They endorsed joint actions in the area of food in relation to economic and population growth in the region and instructed members to implement those joint actions. At the First Senior Officials' Meeting (SOM I) in February 1999, in response to an instruction by APEC Economic Leaders, APEC Senior Officials established an ad hoc task force to study the APEC Business Advisory Council's (ABAC) proposal for an APEC Food System (AFS). Reports on the AFS were submitted to and endorsed by the Ministers' and Leaders' Meetings in Auckland, New Zealand, Brunei Darussalam and in Shanghai, China. APEC Economic Leaders reconfirmed their commitment to address in parallel three areas of cooperation as outlined in the introduction to this section. They urged APEC fora and members to increase momentum in this regard as recommended by the ABAC.



Food System – Key Contacts

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APEC STUDY CENTERS CONSORTIUM

The APEC Study Centres (ASC) Consortium aims to achieve the following objectives –

- Promote cooperation in higher education and advanced research, and facilitate cultural and intellectual exchanges in the Asia-Pacific region, recognising the importance of educational links in developing a sense of community and fostering understanding of the diversity of the region.
- Assist the APEC process by undertaking advanced, collaborative, interdisciplinary and policy-relevant research on issues important to APEC from an independent and longer-term perspective.
- Encourage student, faculty and research exchanges among APEC economies and promote training and other educational programs that address regional needs.
- Encourage the informed participation of other sectors of society, especially youth, the private/business sector, NGOs, and the media in dialogues and study relating to APEC.

Latest Developments

The ASC will hold this year's annual *Consortium Conference* in Phuket, Thailand on 25–28 May, with *Extending and Reaching Out the Benefits of APEC* as its central theme. Some of the supporting sub-themes for discussion include –

- *APEC and the Changing World Trade Situation* - More focus should be placed on the role of bilateral and regional trading arrangements in the context of APEC and the WTO and their relations, and on whether a set of principles to manage bilateral and regional trading arrangements could be developed.
- *Trade and Investment in APEC* - Trade and investment liberalisation remains a critical issue of economic cooperation among APEC Member Economies. Thus, trade and investment liberalisation in APEC is still on the agenda and requires vigilance and constant effort.
- *Knowledge-Based Economy (KBE)* - KBE is the foundation of economic growth in the APEC region. However, strategies to bridge the digital divide and knowledge gap among and within APEC Member Economies must be considered along with the development of KBE.
- *Financial Architecture for a World of Differences* - Reducing vulnerabilities while enhancing investment and trade between the differing social systems requires sound international financial infrastructure. APEC is in a position to play a substantial role in reforming the global financial system.

- *Human Security Issues* - Empowering people to become active and self-reliant in the regional economy is the essence of promoting human security.

Key Outcomes

Output from the ASC has always been part of the whole APEC process. The contribution of the ASC has been mainly in the form of input to component parts of the APEC process, particularly to the Senior Officials Meeting (SOM). At the International Symposium entitled *Expanding the Benefits of Economic Growth and Development: Implementing the Vision* held in Mexico City, Mexico in early December 2001, participants suggested that the status of the International Consortium of ASC (ICASC) could be elevated to play a similar role to that of the APEC Business Advisory Council. Such an advisory role could be developed both through its analytical capabilities, and by making a contribution to the consolidation of the multiple initiatives underway in the forum and to the definition of the themes of APEC's renewed agenda.

Brief History

The APEC Study Centres (ASC) were established in 1993. There are now ASCs in 19 Member Economies, comprising 100 universities, research centres and centres of academic excellence across the APEC region. APEC Member Economies participate in the Annual ASC Consortium meetings and other research activities in their areas of interest.

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COUNTER TERRORISM

The Counter Terrorism Task Force (CTTF) is committed to coordinating the implementation of the *Leaders' Statement on Fighting Terrorism and Promoting Growth* agreed to in October 2002. Terrorism is a direct challenge to APEC's goals of free, open and prosperous economies and an affront to the fundamental values that APEC Member Economies share. In response, the CTTF assists economies to identify and assess counter-terrorism needs, co-ordinates capacity building and technical assistance programs, cooperates with international and regional organisations and facilitates cooperation between APEC fora on counter-terrorism issues. Key priorities include: the Secure Trade in the APEC Region (STAR) initiative to secure and enhance the flow of goods and people through measures to protect cargo, ships, international aviation and people in transit; halting the financing of terrorism; promoting cyber security; the energy security initiative; and the protecting the health of communities. More information is available at http://www.apecsec.org.sg/workgroup/counter_terrorism.html.

Latest Developments

The CTTF is working to ensure that APEC Member Economies grow while protecting their borders and securing their key economic infrastructure from terrorist attacks. In the past year each of the relevant members of APEC has signed the *International UN Convention for the Suppression of the Financing of Terrorism*. The security of airports has been upgraded, coordination between enforcement and intelligence officials has been strengthened, new cyber security standards developed and the *Energy Security Initiative* has been advanced to address disruptions in energy markets.

The CTTF is working closely with the Finance Ministers' Process to halt the financing of terrorism, including the commitment by APEC Economic Leaders that economies implement all measures in *UN Security Council Resolutions 1373 and 1390* and ratify the *International Convention for the Suppression of the Financing of Terrorism* no later than October 2003. A regional seminar that will provide legal policy development assistance towards *Anti-Money Laundering/Anti-Terrorist Financing* frameworks will be held in 2003.

To prevent the criminal misuse of information APEC Member Economies are enacting laws relating to Cyber Security consistent with the *United Nations General Assembly Resolution 55/63 (2000)* and the *Convention on Cybercrime (2001)* by October 2003. The capacity of institutions to implement these laws is being strengthened by the *Cybercrime Legislation and Enforcement Capacity Building Project*. Another initiative, the *Computer Emergency Response Team (CERTs) Awareness Raising and Capacity Building* project will provide training and develop guidelines for establishing and operating CERTS.

The project *Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transport Systems and Electronic Commerce Technologies*, will explore ways to apply technology to container security applications and demonstrate end-to-end use of tracking and tracing technologies. The *Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism* project will identify best practices with a view to establishing an integrated safety and security system to be put into force by all APEC Member Economies to boost growth in the tourism sector.

The *Regional Immigration Alert System (RIAS)* will assist APEC Member Economies to safeguard their borders from unlawful activities related to terrorism as well as illegal commercial activities. The *Support for Aviation Security Audits Phase I: Preparation for ICAO Universal Security Program Audits* project will help developing APEC Member Economies prepare for ICAO security audits through specialised training.

A High-Level Meeting in Maritime Security Cooperation is also being considered for senior officials who are directly involved in maritime issues to identify areas for cooperation in maritime security in the APEC region.

Key Outcomes

In February 2003, APEC Senior Officials endorsed the *APEC Counter-Terrorism Action Plan*. This is a concise check list of measures being undertaken by economies to implement the *Leaders' Statement on Fighting Terrorism and Promoting Growth*. Full details are available at http://www.apecsec.org.sg/workgroup/counter_terrorism.html

The *STAR Conference* in February 2003 brought together representatives of all 21 APEC Member Economies, senior executives from major private sector companies, and officials from international organisations such as the IMO, IATA, WCO and the World Bank to discuss how to advance trade efficiency and trade security in the Asia-Pacific region. Participants agreed that investment in security can deliver significant economic returns, not only by reducing the economic costs of terrorism but by facilitating the movement of goods and people. It was also noted that the protection of international supply chains will require new partnerships between government and business, and capacity building.

The APEC Secretariat Executive Director, together with representatives of 46 international, regional and subregional organisations participated in a *Special Meeting of the United Nations Security Council's Counter Terrorism Committee* on 6 March 2003. The meeting aimed to improve the flow of information, to promote best practice, to develop codes and standards and to coordinate future action, including capacity building assistance.

Brief History

The CTF was set up by Senior Officials in February 2003. It is scheduled to meet in the margins of APEC Senior Officials' Meetings.



Counter Terrorism – Key Contacts

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ELECTRONIC COMMERCE

The Electronic Commerce Steering Group (ECSG) was created to provide a coordinating role for APEC e-commerce activities, based on the principles set out in the *1998 APEC Blueprint for Action on Electronic Commerce*. The ECSG is committed to promoting and facilitating the development and use of electronic commerce by creating legal, regulatory and policy environments in the APEC region that are predictable, transparent and consistent. In addition, the ECSG is working to promote mechanisms to increase trust and confidence of participants in electronic commerce in order to encourage greater use of the Internet to perform transactions. Finally, the ECSG is using IT and electronic commerce methods to facilitate trade transactions among economies.

The ECSG meets twice a year and also conducts its business intersessionally. Its next meeting will take place in August 2003 in the margins of SOM III.

Latest Developments

The ECSG is currently working in several areas to maximise the benefits of e-commerce for business in the APEC region. Information on upcoming meetings and workshops can be found at www.export.gov/apececommerce.

Paperless Trading

Fifteen APEC Member Economies have now prepared *Paperless Trading Individual Action Plans*. These outline the steps APEC Member Economies are taking to meet APEC's target to reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration and other documents and messages relevant to international sea, air and land transport. "Paperless Trading" for trade in goods by 2005 for developed and 2010 for developing economies, or as soon as possible thereafter is a key APEC objective. More information can be found at www.apec-iap.org. *Pathfinder Initiatives* on electronic sanitary and phytosanitary certificates and electronic certificates of origin have been agreed by members.

Consumer Protection

The ECSG is building consumer trust in e-commerce by helping to protect consumers from fraudulent and deceptive practices when buying goods and services online. Work is underway to help economies implement *APEC's Voluntary Consumer Protection Guidelines for the On-line Environment* which were approved by Ministers in October 2002. These cover international cooperation, education and awareness, private sector leadership, online advertising and marketing and the resolution of consumer disputes.

Data Privacy

The challenge of economies in addressing the issue of data privacy is protecting the personal information of consumers while also facilitating trans-border data flows. In order to foster the development of compatible approaches to data privacy in the region, in 2002 the ECSG undertook a mapping exercise of APEC Member Economies approaches to data privacy. This year the ECSG has established a Data Privacy Subgroup to develop a set of privacy principles and implementation mechanisms, to

continue the exchange of information on developments related to data privacy within individual economies and to encourage public awareness by identifying and sharing best practices on data privacy protection.

Cyber Security

The ECSG is also contributing to *APEC's Cybersecurity Strategy*, and will hold a forum in August 2003 to address cyber security issues at the individual firm level.

The ECSG's *2002 Stocktake of E-commerce Activities* is a business-friendly inventory of the electronic commerce activities currently being undertaken by APEC fora. Find out more at www.apecsec.org.sg.

The business/private sector has been an active participant in all ECSG meetings. In addition, an APEC E-Commerce Business Alliance was established in 2001, and the *Global Business Dialogue on Electronic Commerce* was granted Guest Status in 2003.

Key Outcomes

The ECSG's work plan for 2003–2004 includes work on data privacy, consumer protection, cyber-security, paperless trading and trade facilitation. APEC Member Economies have also approved a revised structure for the group and agreed to increase cooperation with the Organization for Economic Cooperation and Development (OECD) and the Global Business Dialogue on Electronic Commerce (GBDe).

More information about the work of the ECSG can be found at www.export.gov/apececommerce.

Brief History

The ECSG was established by the SOM in February 1999. Its mandate was recently extended by the SOM to February 2005.

Electronic Commerce – Key Contacts

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GENDER INTEGRATION

Women account for more than half the labour force in APEC Member Economies and make a major contribution to trade and investment in the region. To further enhance the contribution that women make to the development of APEC Member Economies, APEC actively considers ways to integrate gender issues into the work of APEC.

Until 31 December 2002, the SOM Ad-hoc Advisory Group on Gender Integration (AGGI) was responsible for APEC's work on gender integration. The most important deliverable of the AGGI was the *Framework for the Integration of Women in APEC (the Framework)*. Other key tasks of this group were to –

- Publish, disseminate and distribute the *Framework*.
- Conduct *Gender Information Sessions (GIS)*, for APEC fora on the *Framework* and the process of implementing its elements. Almost all APEC fora (17 including the SOM and the APEC Secretariat) have participated in GIS.
- Develop gender criteria for incorporation into APEC project proposals, approval and evaluation reports and forms. These gender criteria have been incorporated into the revised APEC Project Proposals and Evaluations Forms.
- Produce a *Gender Mainstreaming Good Practices Book*. The AGGI has completed the compilation of case studies on good practices of gender integration in APEC fora and economies. The case studies provide a practical source of information on gender analyses and mainstreaming.

In 2003, the Gender Focal Point Network (GFPN) was established with Thailand, the host economy for APEC 2003, as the chair of the first meeting. The GFPN will be responsible for continuing to encourage consideration of gender issues within APEC beyond the conclusion of AGGI's activities.

Latest Developments

The establishment of GFPN will provide further focus to APEC gender integration activities. GFPN will maintain the investment in gender tools, expertise and practices and continue APEC leadership on issues that affect the economic advancement of women in the APEC region. The broad goal of GFPN will be to provide linkages for information sharing and support between APEC Fora, APEC Member Economies and the APEC Secretariat to advance the economic interests of women in the APEC region for the benefit of all economies in the region. GFPN will maintain and advance the implementation of the *Framework* and the work of AGGI in maintaining awareness of gender issues.

Ongoing work on the *Gender Resource Tool Kit* is being undertaken by Australia. This kit will be used by APEC fora to help them raise awareness within their group about gender issues and assist them to integrate gender issues into their daily business. The report on the progress of this project will be tabled at the first GFPN meeting 21–22 May 2003 in Khon Kaen, Thailand.

A symposium on the gender dimensions of multilateral trade was held in Suva, Fiji from 12–14 February 2003. The symposium, organised by the Commonwealth and Pacific Islands Forum Secretariats, is a direct response to the 2002 Commonwealth Heads of Government Coolom Communique, which emphasised 'the crucial importance, especially for developing economies, of trade liberalisation and access to markets in overcoming poverty. It also responds to the concerns expressed by Commonwealth Ministers Responsible for Women's Affairs, at their meeting in 2000, 'over some of the negative effects of globalisation and trade liberalisation, particularly on weak and vulnerable economies and especially women and children'.

Recent Key Outcomes

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

The AGGI assisted Mexico in the preparation of the Second Ministerial Meeting on Women held on 28–29 September 2002 in Mexico.

The theme of the meeting was, *Advancing Women's Economic Interests and Opportunities in the New Economy* with particular regard to –

- Women's Entrepreneurship.
- Micro-enterprises.
- The impact of trade liberalization on women including -
 - access and barriers specific to women, in areas such as the labor market and access to finance
 - capacity building for women, in areas such as economics related IT;
- The purpose of gender integration within APEC, which is the advancement of the economic interests of and opportunities for women.
- The role of economies in sustaining gender integration within APEC.

Brief History

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

In May 2002, Senior Officials agreed that the AGGI's term would conclude in 2002. SOM also endorsed the establishment of a Network of Gender Focal Points from APEC fora and APEC Member Economies to maintain work on gender integration and to support the participation of women in APEC and trade related matters.

In 2003, the Gender Focal Point Network was formed.



Gender Integration - Key Contacts

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SUSTAINABLE DEVELOPMENT

The APEC Leaders' *Economic Vision Statement* at Blake Island, Seattle, USA in November 1993 stated, "Our environment is improved as we protect the quality of our air, water and green spaces and manage our energy resources and renewable resources to ensure sustainable growth and provide a more secure future for our people". This statement provides the mandate for APEC's work on sustainable development.

In March 1994 Ministers adopted an *Environmental Vision Statement* and a *Framework of Principles* for integrating economic and environment issues. *The APEC Economic Leaders' Declaration for Action* issued in Japan in November 1995 reaffirmed the integration of environment and sustainable development into APEC activities. The Economic Leaders' Declaration in Canada in November 1997 stated that "Achieving sustainable development is at the heart of APEC's mandate". Leaders also directed Ministers to develop specific initiatives to implement an initial work program for sustainable development in APEC that includes the themes of the sustainability of the marine environment, clean technology and clean production, and sustainable cities. In the same year, APEC Environment Ministers endorsed the *Action Plan for Sustainability of the Marine Environment*, the *APEC Sustainable Cities Program of Action*, and the *APEC Cleaner Production Strategy*. Three sub-themes of sustainable cities, cleaner production, and sustainability of the marine environment were added to the ECOTECH priority themes. At their 1998 meeting in Malaysia, Leaders reiterated their commitment, "...to advance sustainable development across the entire spectrum of our workplan..."

Key Outcomes

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

Although there has been no formal meeting of the Senior Environment Officials' group since the Environment Ministers' Meeting in 1997, since sustainable development is a cross-cutting issue, implementation of the related initiatives have been carried out by the relevant sectoral fora continuously. Senior Officials regularly review APEC activities in sustainable development in consultation with the Chairs and Lead Shepherds of other APEC fora. After two Ministerial Meetings which covered issues of sustainable development, related APEC fora will develop future work programs for implementing sustainable development directives.

In the 2001 APEC Leaders' meeting, Leaders noted that many APEC Member Economies would be meeting in Johannesburg for the World Summit on Sustainable Development (WSSD) in 2002 to reinvigorate the commitment to sustainable development in pursuit of enhancing economic growth, promoting human and social development and protecting the environment as interdependent objectives. Leaders pledged that APEC, which has undertaken a broad range of activities in this area, would consider how to contribute to the success of the World Summit and take forward the outcomes in its work programme.

In order to consolidate APEC's contribution to the WSSD, the APEC Secretariat prepared the *Contribution of APEC on the WSSD* report to highlight the concrete contribution APEC as a whole has made in 2002 on sustainable development. The contribution of APEC to sustainable development in 2002 included two Ministerial Meetings that on the theme of sustainable development. The report was presented by Mexican delegation to the WSSD and the result was acknowledged by the Ministers and Leaders.

The 1st APEC Ocean-related Ministerial Meeting (AOMM) was held in Korea on 25–26 April 2002 with the theme of *Toward the Sustainability of Marine and Coastal Resources*. Sustainable fisheries, ocean science and technology, marine environmental protection and integrated coastal management were discussed in this meeting. In the meeting, Ministers adopted the *Seoul Oceans Declaration*. The Declaration provided new plans for future implementation in the area of sustainable development, especially on maritime affairs.

In the fifth Energy Ministerial Meeting that took place on 23 July 2002 in Mexico City, Ministers acknowledged the essential contribution of energy to maintaining the Asia Pacific region's economic growth and social development and committed to strengthen simultaneously the APEC goals of economic growth, energy security and environmental protection. Ministers also committed to environmentally responsible development and clean use of energy and to the belief that quality of life benefits flow from the availability of cleaner, more affordable energy.

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ABBREVIATIONS

| | | | |
|--------------|---|----------------|--|
| ABAC | APEC Business Advisory Council | EC | Economic Committee |
| ABTC | APEC Business Travel Card | ECOTECH | Economic and Technical Cooperation |
| AEF | APEC Education Foundation | ECSG | Electronic Commerce Steering Group |
| AFG | APEC Financiers Group | EEMRA | Electrical and Electronic Equipment Mutual Recognition Arrangement |
| AFS | APEC Food System | EID | Emerging Infectious Diseases |
| AGGI | Advisory Group on Gender Integration | ESC | SOM Committee on Economic and Technical Cooperation |
| AICST | APEC International Centre for Sustainable Tourism | EU | European Union |
| AOMM | APEC Ocean-related Ministerial Meeting | EVSL | Early Voluntary Sectoral Liberalisation |
| APERC | Asia Pacific Energy Research Center | EWG | Energy Working Group |
| ASC | APEC Study Centers | FEEEP | Food, Energy, Environment, Economic Development Population |
| ATCEG | Agricultural Technical Cooperation Experts' Group | FMM | APEC Finance Ministers' Meeting |
| ATCWG | Agricultural Technical Cooperation Working Group | FTA | Free Trade Agreement |
| BMC | Budget and Management Committee | FWG | Fisheries Working Group |
| CAPs | Collective Action Plans | GBDe | Global Business Dialogue on Electronic Commerce |
| CBN | Capacity Building Network | GFPN | Gender Focal Point Network |
| CCS | Core Characteristic survey | GIS | Gender Information Sessions |
| CERTs | Computer Emergency Response Teams | GOS | Group on Services |
| CIDA | Canadian International Development Agency | GPEG | Government Procurement Experts' Group |
| CPDG | Competition Policy and Deregulation Group | HRDWG | Human Resources Development Working Group |
| CTI | Committee on Trade and Investment | IATA | International Air Transport Association |
| CTTF | Counter Terrorism Task Force | ICASC | International Consortium of APEC Study Centers |
| DDA | Doha Development Agenda | IDB | WTO Integrated Database |
| DFAT | Department of Foreign Affairs and Trade | IEG | Investment Experts' Group |
| DM | Dispute Mediation | IEGBM | Informal Experts' Group on Business Mobility |
| EAP | ECOTECH Action Plans | IFIs | International Financial Institutions |
| EBN | EWG Business Network | IPEG | Intellectual Property Rights Experts' Group |

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|---------------|--|----------------|--|
| IRA | Import Risk Analysis | SMEs | Small and Medium-sized Enterprises |
| IT | Information Technology | SMEWEG | Small and Medium Enterprises Working Group |
| ITS | Intelligent Transportation Systems | SOM | Senior Officials' Meeting |
| JETRO | Japan External Trade Organization | SPAN | Integrated Plan of Action for SME Development |
| KBE | Knowledge-Based Economy | SPS | Sanitary and Phytosanitary Measures |
| KIEP | Korea Institute for International Economic Policy | STAR | Secure Trade in the APEC Region |
| LSP | Labour and Social Protection Network | TBT | Technical Barriers to Trade |
| MAG | Market Access Group | TEL | Telecommunications and Information Working Group |
| MCS | Monitoring Control and Surveillance Network | TELMIN | Ministerial Meeting on the Telecommunications and Information Industry |
| MRA | Mutual Recognition Arrangement | THAIFEX | Thailand International Food Exhibition |
| MRC | Marine Resource Conservation Working Group | THAIMEX | Thailand International Muslim Food Exhibition |
| MTWP | Medium-term Workplan | TILF | Trade and Investment Liberalisation and Facilitation |
| NGO | Non-Governmental Organization | TPO | Trade Promotion Organizations |
| NIDA | National Institute of Development Administration | TPT | Transportation Working Group |
| NTMs | Tariffs and Non-tariff Measures | TRIPS | Trade-related Aspects of Intellectual Property Rights |
| OAA | Osaka Action Agenda | TWG | Tourism Working Group |
| OECD | Organization for Economic Cooperation and Development | UNGA | United Nations General Assembly |
| PECC | Pacific Economic Cooperation Council | UR | Uruguay Round |
| PIF | Pacific Islands Forum | WCBG | WTO Capacity Building Group |
| PLGSME | Ad Hoc Policy Level Group on Small and Medium Enterprise | WCO | World Customs Organization |
| RIAS | Regional Immigration Alert System | WGTP | Working Group on Trade Promotion |
| ROO | Rules of Origin | WSSD | World Summit on Sustainable Development |
| RTA | Regional Trade Agreement | WTO | World Trade Organization |
| SARS | Sever Acute Respiratory Syndrome | | |
| SCCP | Sub-Committee on Customs Procedures | | |
| SCSC | Sub-Committee on Standards and Conformance | | |
| SELI | Strengthening Economic and Legal Infrastructure | | |

