



Asia-Pacific  
Economic Cooperation

# Outcomes and Outlook

2004 | 2005



# APEC

## Outcomes and Outlook

## Contents

2004 | 2005

### 3 Overview

- 4 • Executive Summary
- 8 • 12th APEC Economic Leaders' Meeting, Santiago Declaration  
"One Community Our Future"

### 14 Meetings of Ministers and Senior Officials in 2004

- 15 • 4th APEC Ministers' Meeting on Regional Science and Technology Cooperation, 10-12 March
- 16 • 3rd APEC Education Ministerial Meeting, 29-30 April
- 17 • Meeting of APEC Ministers Responsible for Trade, 4-5 June
- 18 • 6th APEC Energy Ministers' Meeting, 10 June
- 19 • 1st Meeting of APEC Ministers Responsible for Mining, 15-17 June
- 20 • 4th APEC Transportation Ministerial Meeting, 27-29 July
- 21 • 11th APEC Finance Ministers' Meeting, 2-3 September
- 22 • 11th APEC SME Ministerial Meeting, 6-7 October
- 23 • 3rd APEC Tourism Ministers' Meeting, 13-14 October
- 24 • 16th APEC Ministerial Meeting, 17-18 November
- 29 • 2004 Senior Officials' Meeting (SOM)

### 32 Scheduled Meetings of Ministers and Senior Officials in 2005

### 34 Activities of APEC Fora

- 35 • Budget and Management Committee
- 36 • Committee on Trade and Investment
  - 38 i. Competition Policy and Deregulation
  - 39 ii. Customs Procedures
  - 41 iii. Government Procurement
  - 42 iv. Intellectual Property Rights
  - 44 v. Investment
  - 45 vi. Mobility of Business People
  - 48 vii. Rules of Origin
  - 48 viii. Services
  - 49 ix. Standards and Conformance
  - 50 x. Strengthening Economic Legal Infrastructure
  - 50 xi. Tariff and Non-Tariff Measures
  - 51 xii. WTO Capacity Building
- 52 • Economic Committee
- 53 • SOM Committee on Economic and Technical Cooperation

### 54 • Working Groups

- 54 i. Agricultural Technical Cooperation
- 55 ii. Energy
- 56 iii. Fisheries
- 57 iv. Human Resources Development
- 58 v. Industrial Science and Technology
- 59 vi. Marine Resource Conservation
- 60 vii. Small and Medium Enterprises
- 62 viii. Telecommunications and Information
- 64 ix. Tourism
- 66 x. Trade Promotion
- 67 xi. Transportation

### 68 • Industry Dialogues

- 68 i. Automotive
- 69 ii. Chemical
- 71 iii. Non-Ferrous Metal

### 72 • Special Task Groups

- 72 i. Counter Terrorism Task Force
- 74 ii. Electronic Commerce Steering Group
- 75 iii. Gender Focal Point Network
- 76 iv. Health Task Force
- 77 v. Social Safety Net Capacity Building Network

### 78 • Other APEC Activities

- 78 i. Agricultural Biotechnology
- 79 ii. Anti-Corruption
- 80 iii. APEC Business Advisory Council
- 81 iv. APEC Finance Ministers' Process
- 82 v. APEC Food System
- 83 vi. APEC Study Centers Consortium
- 84 vii. Regional Trading Arrangements/Free Trade Agreements
- 85 viii. Life Sciences Innovation Forum
- 86 ix. New Economy – e-APEC Strategy
- 87 x. Sustainable Development

### 88 Inside APEC

- 89 • Role and Goals
- 90 • How APEC Operates
- 93 • Key Action Plans
- 95 • Stakeholder Participation
- 96 • APEC Milestones
- 98 • Key Economic Indicators

### 100 APEC Contacts

### 105 Abbreviations

**APEC Member Economies** • 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

**Observers** • Association of South-East Asian Nations (ASEAN) • Pacific Economic Cooperation Council (PECC) • Pacific Islands Forum (PIF)



# OVERVIEW



*12th APEC Economic Leaders' Meeting, Santiago, Chile, November 2004*



## Executive Summary

Established in 1989, Asia Pacific Economic Cooperation (APEC) is a unique forum that brings together 21 developed and developing economies from both sides of the Pacific Rim. Historically, APEC has focused on facilitating trade, investment and sustainable growth in the Asia-Pacific region based on mutual respect and cooperation.

While APEC's focus remains steadfast, there are new threats to the economic well being of the region. The commercial impact of the terrorist attacks on Member Economies, and the epidemic of Severe Acute Respiratory Syndrome (SARS) and avian influenza, reinforces the nexus of trade and human security. APEC is fully prepared to meet these new challenges.

The 21 Economic Leaders of APEC Member Economies gathered in Chile, in 2004, to celebrate their common goals and inclusiveness under the theme "One Community, Our Future." Three priorities were singled out for special attention: promoting free trade, enhancing security and combating corruption.

Recognizing the strength of collective response to shared challenges, Leaders reaffirmed their commitment to achieve the Bogor Goals by 2010/2020 and dismantle impediments to free and open trade and investment. They further resolved to ensure that the people and societies of the APEC region benefit from the process of globalization as issues such as security, transparency, corruption, human resource development, health, the knowledge-based economy and sustainable development are fully addressed.



### APEC Chile 2004 Themes

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

For the APEC Chile 2004 Year, the overarching theme was,

## "One Community, Our Future."

"The slogan for APEC 2004 adopted by Chile, 'One Community, Our Future,' signals that in spite of our great diversity in cultural, social and political matters and our differing levels of development, APEC's Member Economies must work together as partners to advance towards a community based on sustainable development. The future handed down by each of us to the coming generations will depend on this effort."  
– Chilean Foreign Minister Maria Soledad Alvear V., SOM 1, Santiago, March 2004

This central theme was elucidated by several forward-looking sub-themes. Collectively, these directives emphasized a shared commitment to sustained economic development for the betterment of all. They were the roadmap for APEC's working groups and fora in achieving their specific goals for 2004:

- A Commitment to Development Through Trade and Investment
- Sharing Benefits Through Better Practices
- Enhancing Human Security
- Skills for the Coming Challenges
- Opportunities for Entrepreneurial Growth
- Growth and Stability: Keys for APEC Integration
- Commitment to Sustainable Growth
- Experiencing Our Diversity

Meetings, including those at the ministerial level, were conducted throughout the year in Chile, in Antofagasta, Pucón and Punta Arenas, with the concluding APEC Economic Leaders' Meeting and the Annual Ministerial Meeting taking place in Santiago, in November.

## World Trade Organization – Doha Development Agenda

In Santiago, APEC Leaders issued a strong statement of support for progress in the WTO Doha Development Agenda (DDA), the world's most important vehicle for trade liberalization.

**“We have underlined that the advancement of the Doha Development Agenda is our first priority to achieve trade liberalization. Our goals are substantially greater market access in agriculture, goods and services, along with the elimination of distortions, notably the end of agricultural export subsidies. We committed all our political will to making substantial progress in 2005.”**

– *Chilean President Ricardo Lagos, November 2004*

That resolve, along with an earlier call from the APEC Ministers for Trade, helped to reinvigorate the momentum of the Doha Development Agenda resulting from the July Package. APEC Leaders agreed to work with a renewed sense of urgency, sharing its considerable experience in trade facilitation, to meet the high expectations for the DDA negotiations. Ministers were instructed to strive for substantive results by the time of the Sixth WTO Ministerial Conference in Hong Kong, in December 2005.

## Regional Trading Arrangements/Free Trade Agreements

In 2004, for the first time, APEC put regional trading arrangements and free trade agreements (RTAs/FTAs) squarely on the agenda. Many APEC members strive to increase market access globally through the WTO, regionally through APEC and RTAs, and government-to-government through bilateral FTAs. Indeed, such arrangements have become a major part of Asia Pacific's commercial landscape in recent years.

Dozens of FTAs are currently in force and scores more are under negotiation or consideration. With the proliferation of such agreements, APEC adopted “Best Practices for RTAs/FTAs” to help ensure that agreements are comprehensive, consistent with the WTO and truly trade liberalizing. APEC economies also committed to make the texts of their free trade agreements available on-line. This will improve transparency for trading partners, businesses and academics that seek to understand and operate in the new world of multiple bilateral and regional free trade agreements. The “APEC Best Practices for RTAs/FTAs in APEC” will help to ensure that high-quality agreements pave the way for the realization of the Bogor Goals.

## APEC Security Commitments

Making societies safe without creating obstacles to economic transactions and people's travel is key to APEC's “human security” agenda.

**“We recalled the tragic consequences of recent terrorist attacks. We encouraged relevant APEC economies to... demonstrate APEC's unmistakable resolve to collectively confront the threat of terrorism and its disastrous effects on the people and also the economies of the region.”**

– *Santiago Declaration, November 2004*

Last year, APEC Leaders took specific actions to increase security:

- Key elements of effective export control systems were identified, and APEC members committed to continue work to expedite the flow of goods to legitimate end-users, while preventing illicit trafficking in weapons of mass destruction, their delivery systems and related items.

- Guidelines were established on the control of man-portable air defense systems, or MANPADS. APEC economies committed to work individually to develop measures consistent with these guidelines to prevent terrorists from obtaining and using these weapons to attack civilian aviation.
- Economies agreed to collaborate in support of implementation, throughout the APEC region, of the International Maritime Organization's International Ship and Port Facility Security Code. The code requires port officials to evaluate threats, plan for contingencies and improve port access controls. It also calls for the establishment of standardized ship identification procedures. Seven APEC economies will provide grants and technical assistance to help fellow members comply with the new code.
- APEC agreed to test a Regional Movement Alert List system, which will link airline check-in operations with government databases, notifying the relevant authorities if suspected terrorists attempt to travel by air.
- APEC continued to work effectively in 2004 to implement the "Secure Trade in the APEC Region," or STAR, initiative. STAR specifies actions and deadlines for each APEC economy to make the flow of goods and people within APEC more secure and efficient. STAR includes the establishment of an integrated container security regime and standardized customs reporting, and the promotion of private sector supply chain security.

Beyond these steps, APEC Leaders pledged to work together to combat public health risks including the AIDS pandemic. They also encouraged renewed vigilance in relation to specific threats to the Asia-Pacific region by infectious diseases such as SARS, avian flu, pandemic influenza, tuberculosis, malaria and polio.

### Trade Facilitation

Another key trade outcome from APEC Chile 2004 meetings was the "Santiago Initiative for Expanded Trade in APEC." The Initiative has two components: trade and investment liberalization and trade facilitation. APEC Leaders asked ministers to recommend how it might be possible to further liberalize trade and investment in the APEC region. The Leaders agreed to continue APEC's work to reduce business transaction costs by cutting red tape, embracing automation, harmonizing standards and eliminating unnecessary barriers to trade.

APEC members reinforced the important role of business as a key stakeholder and end user of many of APEC's policy accomplishments, and in 2004 encouraged new levels of business participation in APEC meetings and events. Leaders' adoption of the "Santiago Initiative" is a direct result of business recommendations by the APEC Business Advisory Council and APEC's efforts to respond to business concerns.

Looking at the broader trading environment, the "Santiago Initiative for Expanded Trade in APEC" identified the need for a closer alignment of trade policies, more consistency in aims and outcomes from the WTO negotiations, members' progress towards the APEC Bogor liberalization goals and the proliferation of FTAs/RTAs within APEC. The Leaders mandated APEC's first midterm evaluation of progress towards the Bogor Goals in time for the next trade ministers' meeting in mid-2005.

A midterm review of the Trade Facilitation Action Plan (TFAP) showed APEC economies to be on track towards the objective of achieving 5% reduction in transaction costs across the APEC region by 2006. The TFAP calls for specific trade facilitating reforms in four categories:

- Movement of goods, including speeding customs clearance.
- Standards, including harmonizing rules, procedures, and codes affecting acceptance of goods and services.
- Business mobility, including streamlining arrangements for intra-company transfer.
- E-commerce, including facilitating the use of secure methods for electronic payments.



**“We recognized that corruption is one of the most serious threats to good governance and the proper development of economic systems in the APEC region, and globally. We agreed that APEC’s commitment and leadership to prevent and combat corruption, including through ensuring transparency, is indispensable in strengthening the integrity of enforcement and the core foundations of our collective values in society, in particular in the areas of economic development, growth and prosperity.”**

– The 16th APEC Ministerial Joint Statement, November 2004

### Transparency and Anti-Corruption

In 2004, Leaders endorsed the “Santiago Commitment to Fight Corruption and Ensure Transparency,” and an “APEC Course of Action on Fighting Corruption and Ensuring Transparency,” which details concrete steps for member economies to implement and enforce.

Transparency standards for government procurement were also finalized. APEC now has transparency standards for nine trade policy areas, as well as the tools to help member economies implement these standards. The APEC transparency standards are the most comprehensive adopted by any international forum and are directly aimed at addressing key business concerns.

### Structural Reform Action Plan

The objective of structural reform is to help achieve durable, non-inflationary growth with high levels of employment. By improving the functioning of markets, reform can remove impediments to full and efficient use of resources, helping governments achieve widely held economic and social goals such as higher productivity and living standards. Promoting structural reform is a priority within the APEC agenda. The newly adopted “Leaders’ Agenda to Implement Structural Reform” will offer further guidance in regulatory reform, strengthening economic legal infrastructure, competition policy, corporate governance and public sector management, in 2005 and beyond.

Structural reform will assist APEC economies in realizing the benefits of trade and investment liberalization and facilitation. Reforms establishing transparent and impartial regulatory frameworks will also boost business and investor confidence in an environment of global economic uncertainty.

APEC will continue to play a leading role in the promotion of continuous economic reform in the region. A key objective will be to assist economies in their efforts to develop a constituency for reform and promote openness through their own policies.

### Individual Action Plans

In 2004, the individual action plans of Chile, China, Peru, Singapore, Chinese Taipei and the United States, which map progress towards the Bogor Goals, were reviewed. The remaining economies will submit their IAP for peer reviews ahead of the First Senior Officials’ Meeting (SOM I) in 2005. These will also feed into preparations for the midterm stock-take, which will reflect on overall progress towards meeting the 2010/2020 goals.



**“We believe this theme will clearly present to our audiences, not only in the region but also in the world, the strenuous will of APEC members to achieve the vision we have set for ourselves. We also wish to continue, without any pause, the efforts that the current and the previous host economies have made to build one economic community in the Asia-Pacific region”**

*– Korean Minister of Foreign Affairs and Trade,  
H.E. Ban Ki-Moon.*

## APEC Korea 2005

### Theme and Priorities

# “Towards One Community: Meet the Challenge and Make the Change,”

is the central theme for APEC 2005, which is being hosted by the Republic of Korea.

### Sub-themes

In order to better define this theme, three sub-themes were selected to showcase the key areas in which APEC will focus its efforts in 2005.

#### *Renew the Commitment to the Bogor Goals*

APEC will undergo a midterm self-assessment of progress towards the Bogor Goals. After the review, a revised roadmap to realize these goals will be produced. Incorporating the findings of the midterm assessment into future APEC work plans will be of utmost importance in effectively and efficiently pursuing free and open trade and investment.

#### *Ensure Transparent and Secure Business Environment*

APEC Member Economies will unite in common cause to combat corruption and terrorism and thereby secure a clean and safe trade environment throughout the region. Business people will be the direct beneficiaries as transaction costs are lowered.

#### *Build Bridges Over Differences*

A genuine sense of community will promote ongoing economic growth and stability in the region. APEC members will discuss ways to facilitate community building through economic development and the celebration of cultural diversity. Economic and technical cooperation, in particular mutual cooperation in capacity building activities, will be the key to achieving common prosperity.

### Priorities

The following priorities will be pursued in 2005:

1. Advancing Freer Trade
  - 1.1. Support for the WTO DDA
  - 1.2. Midterm Stock-take and Future Roadmap to the Bogor Goals
  - 1.3. Enhancing APEC’s Leading Role: Trade Facilitation and Capacity Building
2. Fighting Corruption
3. Sharing Prosperity of the Knowledge-Based Economy: Protecting Innovation and Expanding Digital Opportunity
4. Safeguarding Human Security: Counter-Terrorism, Energy Security, Health and Disaster Response and Preparedness
5. Supporting Small and Medium Enterprises and Micro-Enterprises (SMEs/MEs), and Gender Integration
6. APEC Reform
7. Promoting Cross-Cultural Communication

### 1. Advancing Freer Trade

Trade will again be at the forefront of the 2005 agenda. APEC will continue its strong political support for the WTO DDA, renew its commitment to the Bogor Goals through its midterm stock-take and develop a roadmap for future work plans.

### 2. Fighting Corruption

Anti-corruption efforts will focus on stronger implementation. The APEC Anti-Corruption and Transparency Capacity-Building Program Task Force will be established, the work scope and the structure of the task force to be decided at the first 2005 Senior Officials' Meeting and stated in its terms of reference.

### 3. Sharing Prosperity of the Knowledge-Based Economy: Protecting Innovation and Expanding Digital Opportunity

In 2005, APEC will take additional steps to foster innovation in science and technology by focusing on protecting intellectual property rights and enhancing the digital opportunity.

IPR issues that will be addressed include on-line and offline piracy, best practices and capacity building in IPR enforcement.

As a mid-point of the Brunei Goals, APEC 2005 will take stock of what members have achieved, individually and collectively, to strengthen the digital opportunity, and will explore ways to add more value.

### 4. Safeguarding Human Security: Counter-Terrorism, Energy Security, Health and Disaster Response and Preparedness

Human security will remain a top priority for 2005. Counter-terrorism activities will be fully supported by Member Economies, in particular the host economy. APEC will redouble its efforts to fully implement what has been agreed upon, and seek out additional elements that will strengthen APEC counter-terrorism activities. Energy security and health issues, including the fight against HIV/AIDS, will also be key elements of the human security agenda.

In the wake of the recent devastating Indian Ocean tsunami, APEC will press for better preparedness against similar potential disasters. Much needs to be done, especially in areas such as epidemic control, early warning systems, capacity building and APEC's role in assisting vulnerable industries such as fisheries and tourism.

### 5. Supporting SMEs, MEs , and Gender Integration

APEC 2005 will pursue its ongoing agenda in support of SMEs and MEs, with special emphasis on nurturing SMEs that have developed innovative and creative technology. APEC will also examine the role and contribution of women in regional business and encourage their involvement.

### 6. APEC Reform

APEC 2005 will continue the momentum of reform planning for a more effective work structure, and address ongoing issues, such as secure financial sustainability. An informal "Friends of the Chair" group will be established to facilitate this exercise.

### 7. Promoting Cross-cultural Communication

As APEC aims to foster a stronger sense of solidarity among the people of the region, cultural appreciation is an efficient and effective way to catalyze community building. Korea will explore the possibility of hosting events such as an APEC film festival, to showcase APEC Member Economies' rich and diverse cultures.

## 12th APEC Economic Leaders' Meeting

Santiago de Chile, 20-21 November 2004

We gathered in Santiago for the 12th APEC Economic Leaders' Meeting, under APEC's 2004 theme, "One Community, Our Future".

We reaffirmed our commitment to achieve sustainable and equitable growth and reduce economic disparities for the well-being of our people by meeting the Bogor Goals of trade and investment liberalization and

facilitation, enhancing human security, and promoting good governance and a knowledge-based society.

### Santiago Declaration

## "ONE COMMUNITY, OUR FUTURE"

- To contribute to negotiations on trade facilitation by sharing our considerable experience within APEC with the rest of the WTO and strengthening our work in this area,
- To redouble our efforts to provide technical assistance and capacity building in a more strategic manner

thus underpinning progress in the WTO through full and effective participation of all Members, and

- To support efforts to conclude promptly the accessions of the Russian Federation and Viet Nam to the WTO.

We call on all WTO Members to join us in this endeavor.

With regard to Regional Trading Arrangements and Free Trade Agreements (RTAs/FTAs), we agreed that they play a constructive role in accelerating liberalization in the region, thus contributing to the achievement of the Bogor Goals and advancing the WTO process. To strengthen this contribution and ensure high-standard agreements, we welcomed the APEC Best Practices for RTAs/FTAs which are a meaningful reference for APEC members when undertaking RTAs/FTAs negotiations. We also committed to greater transparency in RTAs/ FTAs to facilitate public understanding of the scope and effect of these agreements.

We recognized that improved protection and enforcement of Intellectual Property Rights contribute to the promotion of investment, innovation and economic growth. We welcomed APEC's work on the APEC Comprehensive Strategy on Intellectual Property Rights and encouraged further progress in 2005.

### Advancing Development Through Trade and Investment Liberalization

We reaffirmed the primacy of the rules-based multilateral trading system, which allows us to pursue trade liberalization on a global scale. We welcomed the new momentum acquired by the Doha Development Agenda (DDA) negotiations resulting from the July Package adopted by the General Council of the World Trade Organization (WTO). We pledged to provide leadership to continue this momentum. With a view towards fulfilling the development objectives of the DDA, we agreed:

- To work with a renewed sense of urgency to achieve a balanced overall outcome that will meet the high levels of ambition set for these negotiations, while respecting flexibility and taking into account the principles of special and differential treatment. Particularly in the core areas of agriculture, non-agricultural goods, services, and rules, the outcome should be substantially greater market access and fewer distortions,
- To seek substantial results at the Sixth WTO Ministerial Conference and instruct our Ministers and officials to work in earnest towards this goal. Our Ministers will review progress of the DDA negotiations at their next meetings,

### Santiago Initiative for Expanded Trade in APEC

We agreed to launch the Santiago Initiative for Expanded Trade in APEC to complement the achievement of free and open trade in the region. An overarching dimension of the Initiative is capacity building so that all economies can implement and benefit from their work on trade liberalization and facilitation.

The Initiative has two components:

- **Trade and Investment Liberalization:** Ministers will recommend to us next year how to further liberalize trade and investment in the region, taking into consideration progress made in the WTO DDA negotiations, the mid-term stock take of the Bogor Goals, APEC work on RTAs/FTAs, and other unilateral and collective market-opening actions;

- **Trade Facilitation:** We will continue our work to reduce business transaction costs by cutting red tape, embracing automation, harmonizing standards and eliminating unnecessary barriers to trade. We will also work together to advance the trade facilitation negotiations in the WTO, promote secure trade, and build on the APEC Best Practices for RTAs/FTAs in the area of trade facilitation;

ABAC presented us two relevant proposals: a joint scoping study for a Trans-Pacific Business Agenda; and a study of the feasibility and potential scope and features of a Free Trade Area of the Asia-Pacific.

We welcomed the inputs from our business community, including ABAC's resolve for expanding trade, and we share its view on the critical importance of trade facilitation. We look forward to the continued participation of ABAC as we implement the Santiago Initiative. In particular, we invited ABAC to provide its views on emerging trade facilitation issues as well as on the benefits and challenges that arise for business from the increasing number of RTAs/FTAs in the region and ways that these can be addressed.

### Enhancing Human Security – Underpinning Economic Growth

We recalled the heinous acts and terrible consequences of terrorism as tragically manifested in Beslan and Jakarta during this past year. We reaffirmed our determination to advance the prosperity and sustainable growth of our economies and the complementary mission of ensuring the security of our people.

We encouraged relevant APEC economies to take measurable steps towards the ratification and implementation of, or the commitment to ratify, all basic universal antiterrorist conventions, so as to demonstrate APEC's unmistakable resolve to collectively confront the threat of terrorism and its disastrous effects on the people and also the economies of the region. In this context, we agreed to take steps to cut off terrorists' access to the international financial system, including implementing standards and agreements on combating terrorist financing and money laundering.

We commended the additional APEC work this year to help enhance the security of our people. We also commended the success of the APEC process and informal consultations in building consensus on these issues. We welcomed the further consensus arrived at by Ministers, and agreed to take the appropriate individual and joint actions to follow up on this consensus, in line with our respective circumstances. We welcomed the following actions adopted by APEC economies this year:

- Steps to advance compliance with the International Maritime Organization's new Ship and Port Security Standards through cooperative efforts;



- Financial contributions made to the Asian Development Bank's Regional Trade and Financial Security Initiative;
- Progress in implementing business mobility initiatives, including the Advance Passenger Information systems (API), the development of a Regional Movement Alert List system (RMAL), and cooperation for the issuance of machine readable travel documents by 2008;
- Cooperation on the supervision of exported and imported food, to prevent hidden hazardous or toxic materials; and
- Efforts to strengthen the public health system to respond to regional health threats.

We expect to review progress on our commitments to dismantle transnational terrorist groups, eliminate the danger posed by proliferation of weapons of mass destruction, their delivery systems and related items, and confront other direct threats to the security of our region in the future.

We endorsed the initiative on Fighting against AIDS in APEC, and pledged our political commitment to work together, at the regional and global levels, to combat the further spread of the AIDS pandemic. We support efforts to increase access to health care and safe and affordable drugs for all people living with AIDS.

We encouraged new efforts during 2005 by APEC to address the specific threats posed by infectious diseases such as Severe Acute Respiratory Syndrome (SARS), avian flu, pandemic influenza, tuberculosis, malaria and polio in the Asia Pacific Region and to strengthen the research into and production of relevant vaccines. We also welcomed and endorsed the strategic plan to promote life sciences innovation in the region to improve the health and well-being of our people.

As a response to global concerns about high oil prices, and in keeping with our commitment to promote energy security, sustainable development and common prosperity within the APEC region, we instructed Energy Ministers to continue to implement and enhance the APEC Energy Security Initiative.

### Promoting Good Governance and a Knowledge-Based Society

Corruption is a serious threat to good governance and deters investment. Therefore, fighting corruption is essential to the development of our economies for the benefit of our people. We welcomed the timely commitments and recommendations of ABAC in this regard.

Accordingly, further to our agreement in Bangkok to fight corruption, we endorsed the Santiago Commitment to Fight Corruption and Ensure Transparency. We also endorsed the APEC Course of Action on Fighting Corruption and Ensuring Transparency which develops and implements it, including through the APEC anti-corruption initiative From Santiago to Seoul.



Reaffirming our political commitment to promote structural reform, and recognizing its value for achieving sustainable economic growth, including through improving the functioning of markets, we adopted the Leaders' Agenda to Implement Structural Reform (LAISR).

We underscored the need to deepen capacity building initiatives in the region through private/public partnerships and increased interaction with international financial institutions.

We welcomed APEC's efforts in the field of education, in particular work undertaken to promote the use of English and other languages as tools for small and medium enterprises, and the use of information technology tools to assist the learning process.

We called upon our officials to advance towards an APEC Sustainable Development Framework, that will build on the work being carried out by APEC and ensure that the growth and development of the region is enjoyed by future generations. We instructed them to report on progress by the time we meet in 2005.

We welcomed Ministers' report on the progress made this year to strengthen APEC. We reaffirmed the need to continue to make APEC more efficient and responsive to all stakeholders.

We endorsed in full the Joint Statement agreed by Ministers at the 16th APEC Ministerial Meeting.



# MEETINGS OF MINISTERS AND SENIOR OFFICIALS IN 2004

## 4TH APEC Ministers' Meeting on Regional Science and Technology Cooperation

Christchurch, New Zealand, 10–12 March 2004

The activities of public sector agencies, researchers, entrepreneurs and investors need to be closely coordinated to maximize the economic benefits from science, technology and innovation. In line with this approach, the 4th APEC Ministers' Meeting on Regional Science and Technology Cooperation was held in conjunction with the APEC R&D Leaders' Forum and an Innovation Showcase exhibition.

The theme of the meeting was, "Enhancing the Capacity of Science, Technology and Innovation to Deliver Sustainable Growth Across the APEC Region."

Underpinning this endeavor are four agreed policy objectives:

- building human capacity and expertise,
- developing international science and technology (S&T) networks,
- connecting research and innovation, and
- strengthening technological cooperation and encouraging best practice in strategic planning.

Ministers instructed the Industrial Science and Technology Working Group (ISTWG) to base its future program of activities on these four key policy issues and coordinate relevant efforts with other APEC working groups.

APEC Leaders and Ministers recognize the importance of promoting S&T cooperation in order to ensure long-term economic growth. They also support global efforts to address sustainability issues. More constructive engagement between the scientific community and society-at-large is needed, including the communication of benefits and risks arising from research.

Some specific challenges lie ahead, including the importance of facilitating mobility of research skills; identifying future skill sets; facilitating the active participation of women and other under-represented groups in the S&T workforce; encouraging lifelong learning; and the need for researchers to achieve a shared vision with society over the ethical aspects and value of their work.

Improving the talent bank is a top priority for economies as they become increasingly reliant on knowledge-based industries, and as more traditional industries become knowledge-intensive.



Ministers also noted the important role modern communications technologies can play in facilitating more effective international networking in S&T. In this context, they affirmed the critical role of the APEC Science and Technology website (ASTWeb) and the need for ISTWG to ensure that it operates effectively.

Recognizing the importance and challenges of the four policy issues for sustainable growth in the region, Ministers noted the need to identify opportunities in a coordinated fashion; initiate targeted efforts under APEC mechanisms, and ensure relevant APEC activity is leveraged to build the capability of economies throughout the region.

*The Joint Ministerial Statement from the 4th APEC Ministers' Meeting On Regional Science and Technology Cooperation is available on the APEC website under Ministerial Statements.*

## 3rd APEC Education Ministerial Meeting

Santiago, Chile, 29–30 April 2004

Education Ministers from APEC Member Economies compared and contrasted best educational practices from East and West when they met at the 3rd APEC Educational Ministerial Meeting.

Under the theme of “Skills for the Coming Challenges,” Ministers assessed the transferability of educational practices between APEC’s 21 Member Economies and strengthening collaborative initiatives in the field of education.

In the lead-up to the ministerial meeting, education officials and government representatives took part in a series of workshops to review research and policy trends from Eastern and Western perspectives. These preliminary deliberations addressed four sub-themes:

- Teaching English and other Foreign Languages,
- Stimulating Learning in Mathematics and Science,
- Using Technology for Teaching and Learning, and
- Centralization and Decentralization and Education Governance Systems.

Ministers also acknowledged the complementary work done by the Education Network (EDNET), a subgroup of the Human Resources Development Working Group. Programs implemented by EDNET include Quality Basic Education, Lifelong Learning, Improved Curricula, Teaching Methods and Instructional Materials for the 21st Century, Enhanced Quality of the Labor Force and Mobility of Qualified Persons.

Education is essential for the future growth and prosperity of the Asia-Pacific region. The APEC Education Ministers’ Meeting addressed the challenges of providing the highest level of education in the coming years and identified inputs required to achieve these goals. Cross-fertilizing the best practices of different educational systems calls for sensitivity to differing demographics, cultural norms and institutional practices.

The economic goals of education and training, specifically the preparation of a skilled labor force to stimulate sustainable economic growth, must be balanced with the non-economic goals, including personal development, civic education and instilling a sense of cultural identity.

*The Joint Ministerial Statement, “Skills for the Coming Challenges”, from the 3rd APEC Education Ministerial Meeting is available on the APEC website under Ministerial Statements.*



## Meeting of APEC Ministers Responsible for Trade

Pucón, Chile, 4–5 June 2004

After their annual meeting, the 21 APEC Ministers Responsible for Trade issued a special joint statement to reinvigorate the stalled WTO Doha Development Agenda (DDA) negotiations. The statement reiterated APEC's commitment to abolish all forms of agricultural export subsidies, and develop a negotiating framework for non-agricultural market access that is balanced, provides for real improvements in market access and addresses non-tariff barriers. Ministers clearly established the need for all members to table new and improved offers and made a call to launch trade facilitation negotiations.

Aside from focusing on the multilateral process led by the WTO, Ministers addressed the growing importance of bilateral and regional trading arrangements/free trade agreements (RTAs/FTAs), a priority agenda item for APEC in 2004. Senior officials were instructed to prepare a set of Best Practices on RTAs/FTAs, and these have since been compiled.

Trade and security was another key issue under discussion. Ministers expressed the commitment of each APEC economy to implement measures to create a secure Pacific Basin community as the basis for the well being of the peoples in the region.

Ministers noted the concrete security initiatives underway, including Secure Trade in the APEC Region, Advanced Passenger Information and the Regional Movement Alert system. More needs to be done, especially capacity building in support of the implementation of air and maritime security measures, and safeguarding the mobility of people.

Other issues addressed at the meeting were trade facilitation, intellectual property rights (IPR), APEC transparency standards, structural reform, economic and technical cooperation and preparations for the midterm review of the Bogor Goals. Ministers also noted the increased dialogue with the APEC Business Advisory Council.

Ministers underscored the commitment to implement concrete trade facilitation measures to achieve the Shanghai Accord's goal of 5% reduction in transaction costs by 2006.

Emphasizing the role of IPR in trade relations, Ministers agreed that proper protection underpins technical innovation, as well as fair competition among market-oriented economies, thus contributing to sustainable economic development in the APEC region. In order to achieve these goals, Ministers called for the early establishment of IPR Service Centers in all economies, and closer cooperation among members.

Structural reform within APEC will ensure sustainable economic growth and development by improving economic efficiency and raising competitiveness. Ministers welcomed progress in APEC's collaboration with the OECD on the development of a regulatory reform checklist, and instructed officials to provide guidance to relevant fora on structural reform priorities.

The next meeting of the APEC Trade Ministers will be in June 2005, in Jeju, Korea.

The Statement of the Chair from the Meeting of Ministers Responsible for Trade is available on the APEC website under Ministerial Statements.



## 6th Meeting of APEC Energy Ministers

Manila, The Philippines, 10 June 2004

In June 2004, APEC Energy Ministers met for the sixth time to address essential energy issues affecting the region. At the meeting, they endorsed new initiatives to protect the energy sector from terrorist attack, and other proposals to help sustain robust regional economic growth despite higher oil prices. The theme of the meeting was, “Energy Security in APEC: Cooperation for a Sustainable Future.” Within APEC, common ground exists for strong cooperation on energy security with regional and global benefits.

Access to adequate, reliable and affordable energy is a prerequisite for achieving the region’s economic, social and environmental objectives. Threats to energy security are constantly evolving, and APEC members’ efforts to improve energy security must be flexible and responsive. The importance of energy security has been accentuated by the rise in global oil prices and its potential impact on economic growth and sustainable development within the APEC region.

One of the most important issues on the agenda for Ministers is the APEC Energy Security Initiative (ESI). To be implemented by APEC Member Economies, the ESI comprises a range of measures being developed to protect energy supplies, including short-term disruptions caused by natural and man-made events and long-term policy-related supply issues.

Other issues and challenges addressed by APEC Energy Ministers include:

- **The APEC region’s energy outlook**

Home to about 2.6 billion people, the APEC region is an intensive oil consumer. The demand for fuel—and oil, particularly for transport—continues to grow. APEC has oil exporters and importers, but as a whole, the region is a growing net oil importer.

- **Responses to regional energy security challenges**

Oil supplies can be seriously interrupted by factors such as geopolitical instability, natural disasters, piracy on key sea-lanes, terrorism and the intrinsic infrastructure and production features of oil supply systems. Today, power plants, pipelines, port facilities, transmission hubs, hydroelectric structures and other parts of the energy infrastructure are inherently vulnerable.

- **Increasing energy efficiency and the range of energy choices**

There is great potential for more efficient production, distribution and consumption of energy. Greater efficiency will enhance regional energy security, reduce energy costs, promote sustainable development and diminish environmental impact.

Energy diversification broadens the choice of energy sources and technologies. The challenge is to continue to diversify in ways that support the region’s economic, social and environmental objectives.

- **Technical innovation in the energy sector**

Innovative technologies enable economies to discover, produce, transport and use energy in new and more efficient ways. Technological advancements can also reduce environmental impact.

To address these issues, Ministers instructed the Energy Working Group to continue its broad-based approach to energy security. Initiatives will be developed and implemented in close cooperation with the business, research and financial communities.

*The Joint Ministerial Statement from the 6th APEC Meeting of APEC Energy Ministers, “Energy Security in APEC: Cooperation for a Sustainable Future”, is available on the APEC website under Ministerial Statements.*



## First Meeting of APEC Ministers Responsible for Mining

Antofagasta, Chile, 16–17 June 2004

APEC's Ministers Responsible for Mining convened their first meeting in Chile's northern mining centers of Antofagasta and Calama. The Joint Ministerial Statement was delivered at the Chuquicamata copper mine, the world's largest open-pit mine, measuring 4 kilometers wide and 850 meters deep.

The Ministers drew public attention to the fact that the Asia-Pacific region is a major producer and user of minerals and metals and many Member Economies derive important economic and social benefits from their extraction, processing, trade and use. The two main economic issues discussed were sustainable development and trade and investment liberalization and facilitation.

Sustainable development of the mining and metals industry creates wealth, gives rise to positive environmental outcomes and socially responsible development, and results in enhanced net benefit to society. Ministers recognized the need to support and promote initiatives that contribute to sustainable development in the mining industry. They also emphasized the importance of promoting cleaner and more efficient production. Best practices in this respect can be fostered through collaboration between Member Economies. Technical and capacity-building support can help address small-scale mining and legacy issues, including the rehabilitation of mining sites.

A work plan will be developed and coordinated by the Expert Group on Minerals and Energy Exploration and Development. This will make future collaboration among APEC economies more precise and effective, and help guide decisions on how to develop the sector.

Ministers also expressed their concern to the European Union (EU) over possible EU trade restrictions imposed on minerals and metals by the proposed New Chemicals Policy (REACH), particularly with respect to the potential impact and additional costs imposed on the mining and metals industry.

Ministers will meet again when the working plan has been developed.

*The Joint Ministerial Statement from the 1st APEC's Ministers Responsible for Mining Meeting is available on the APEC website under Ministerial Statements.*



## 4th APEC Transportation Ministerial Meeting

27–29 July 2004, Bali, Indonesia

Security was a particularly strong focus of the 4th APEC Transportation Ministerial Meeting. “We condemn, in the strongest terms possible, such attacks and the targeting of transportation systems to inflict terror on civilians. We are united in our determination to enhance regional cooperation on transportation security,” Ministers of 21 APEC economies said in their joint statement.

The Ministers emphasized maritime and aviation security measures, especially the implementation of the International Ship and Port Facility Security Code (ISPS) and supporting international efforts to control access to man-portable air defense systems (MANPADS). The ministers also committed themselves, for the first time, to resolve issues relating to the transport of dangerous goods. In addition, they agreed to implement an intermodal supply chain security initiative over the next two years.

Globally, road traffic accidents kill more than 1.2 million people each year. Roughly 40% of those deaths occur in the APEC region. In response to this problem, APEC will provide technical assistance to collect data on road traffic fatalities that will help design better road safety policies. Ministers also agreed to a regularized exchange of information and best practices.

Transnational organized crime poses a growing threat to the security and safety of aviation, land and maritime transportation and preservation of environment. Ministers agreed on the need to strive for the highest possible standards of efficiency, safety, security and environmental sustainability for transportation systems in the region.

They reaffirmed that a principal aim of APEC cooperation for transportation is trade liberalization and facilitation as established by APEC Economic Leaders in the Bogor Goals. With this objective in mind, a roadmap consistent with APEC principles describing the remaining work required for reaching the Bogor Goals of trade liberalization will be established by the Transportation Working Group.

The 21 APEC Member Economies represent almost 40% of the earth’s population and 60% of World GDP. They also represent a substantial portion of the global transportation industry, including nine of the 10 largest seaports (by volume) and some of the world’s largest airlines.

Greater cooperation among APEC members on transportation issues will enhance economic progress while helping to fight terrorism. Secure transportation and economic prosperity are inseparable.

*The Joint Ministerial Statement from the 4th APEC Transportation Ministerial Meeting is available on the APEC website under Ministerial Statements.*

## 11th APEC Finance Ministers' Meeting

Santiago, Chile, 2–3 September 2004

"Fiscal Policies for Growth and Stability in an Open APEC Region" and "Institution Building in a World of Free and Volatile Capital Flows," were the themes for the 11th APEC Finance Ministers' Meeting. It was also attended by representatives of International Monetary Fund, Inter-American Development Bank, World Bank, Asian Development Bank and the private sector.

The Finance Ministers welcomed the strengthening of global demand and favorable growth prospects for 2005. Risks remain, not the least of which is the impact of high oil prices. But for APEC as a whole, investment and trade should accelerate. Despite higher growth and increases in a number of commodity prices, including oil, inflation is expected to remain moderate in most economies. To fully realize the benefits of economic openness and integration, Member Economies must put in place the requisite financial policies and institutions to bring about sustainable, broad-based and equitable growth.

The APEC region is growing faster than the world economy. Though the developed APEC economies are driving this recovery, it is the emerging economies within the region that are showing the highest growth rates—the result of sound macroeconomic policies, buoyant exports and the recovery of domestic demand.

Terrorism remains a threat to the region's growth and stability, and finance ministers voiced their support for actions to combat terrorism, including measures to counter money laundering and terrorist financing, as well as fostering closer cooperation among financial intelligence and customs units.

Disciplined and sustainable fiscal policies are essential to long-term growth and macroeconomic stability. Sustainable fiscal policies keep public indebtedness within manageable limits, reducing vulnerability to externalities. Sound fiscal and monetary policies ensure continued access to international capital markets. At the same time, such policies allow social and investment expenditure to be maintained during cyclical downturns. Fiscal discipline will also help governments contend with future funding challenges associated with population ageing.

Transparency is a key ingredient in fiscal credibility, accountability and good governance. Ministers underscored the need for strong institutions to ensure fiscal discipline while granting sufficient flexibility to manage economic shocks. There is no single way of inducing fiscal discipline, but properly designed rules can be useful tools to guide fiscal policy.

A number of APEC Economies have significantly strengthened their fiscal institutions. Such progress has improved economic resilience and helped the region to weather the economic slowdown of the past years, propelling it to the forefront of world economic recovery. Ministers agreed to continue building on the progress made in order to address current and future challenges to fiscal sustainability.

Financial integration can contribute to growth and economic development. However, freer capital flows can heighten vulnerabilities, especially in emerging market economies, increasing the importance of sound economic policies, strong institutions and appropriately sequenced liberalization. Economies are encouraged to promote deep and broad financial systems for developing alternative sources of financing and diversification of

risks, in combination with a sound macroeconomic policy framework.

Additional efforts should also be made by international financial institutions to provide liquidity to emerging economies at times of distress originating from external shocks, along with their continuing efforts to help economies achieve sound policies and institutions for growth.

Steps are being taken at the regional and national levels to develop capital markets and strengthen banking systems, which would, over time, facilitate freer and more stable capital flows and the choice to move to an exchange rate regime with greater flexibility.

The 12th APEC Finance Ministers' Meeting will be held in September, in Jeju, Korea.

*The Joint Ministerial Statement from the 11th APEC Finance Ministers' Meeting is available on the APEC website under Ministerial Statements.*



## 11th APEC Small and Medium Enterprise Ministerial Meeting

Santiago, Chile, 6–7 October 2004

The 11th APEC Small and Medium Enterprises (SME) Ministerial Meeting on “Opportunities for Entrepreneurial Growth” aimed to identify the best entrepreneurial practices in the APEC community.

The theme was a continuation of the work done by SME Ministers in 2003, which also highlighted entrepreneurship under the theme, “Strengthening an APEC Entrepreneurial Society.” Recognizing SMEs as unrivalled generators of innovation, wealth and employment, APEC Ministers endorsed the Santiago Agenda on Entrepreneurship to encourage an entrepreneurial culture while incubating business start-ups. The Santiago Agenda identifies the key factors that are crucial for innovation.

First, is an enabling business environment, one that cultivates the formation and growth of enterprises. Typically, this implies stable macro and microeconomic policies that are business friendly; legal and governance systems that uphold the rule of law; a regulatory framework that facilitates sustainable business growth, and a culture that supports and rewards risk-taking.

Secondly, governments should support entrepreneurial growth by removing barriers that impede development. To unfetter the smallest of the region’s businesses the Agenda highlighted:

- the need to develop the business expertise of entrepreneurs and to encourage the creation of an entrepreneurial culture that also acknowledges the contribution of women, rural and micro-enterprises, minorities and young people,
- the role of governments and financial institutions in providing easier access to finance on affordable terms, as well as access to professional advice for business improvement, and
- the need for rapid diffusion of technological innovation and the realization of its value through effective commercialization.

The Ministers also acknowledged micro-enterprise as a unique contributor to every economy. Micro-enterprises are often run by sole traders and rarely employ more than one or two workers. However, these businesses make a major contribution to the regional economic output. To further foster micro-enterprise development, ministers accented the importance of ensuring a sound regulatory environment. They urged economies to share information and to contribute to an inventory of best practices relating to micro-enterprise development.



Another issue before the ministerial meeting was the call for greater emphasis on expanding trade through the use of English and other common languages to better deal with the effects of globalization.

The SME issue is widely discussed across APEC fora and Ministers endorsed the call for better SME coordination. There is a need to reinforce management of the SME Working Group so that it can be steered with more focus, continuity and efficiency.

On the margins of the APEC Ministerial Meeting, several important events took place, including meetings of the Women Leaders’ Network, Micro-Enterprises Sub-Group and SME Working Group. Related events included an Agri Food Fair, the SME Forum and an Entrepreneurship Symposium.

The APEC SME Ministerial Meeting is an annual event on the APEC calendar. Outcomes from the meeting make a significant contribution to policy formulation affecting the operations of SMEs and micro-enterprises across the region.

*The Joint Ministerial Statement, “Opportunities for Entrepreneurial Growth,” from the 11th APEC SME Ministerial Meeting is available on the APEC website under Ministerial Statements.*

## 3rd APEC Tourism Ministers' Meeting

Punta Arenas, Chile, 13–14 October 2004

The “Patagonia Declaration on Tourism in the APEC Region” was endorsed at the Third APEC Tourism Ministers’ Meeting in Punta Arenas, Chile. The theme of the ministerial meeting, “Exploring our Diversity,” epitomizes APEC’s understanding of the important cultural, environmental and economic contributions of tourism to the Asia-Pacific region.

The declaration instructs the APEC Tourism Working Group (TWG) to implement a strategic plan designed to ensure the viability of the regional tourism industry. It cites several key issues for officials to take into consideration, including measuring sustainability, safety and security, and developing niche projects such as sports and health tourism.

In its recommendations, the declaration adopts the long-term policy goals long since championed by the TWG: to ensure progress through sustainably managed tourist facilities, and to promote tourism as a vehicle for economic and social development. These aims require the dismantling of impediments to investment in the tourism industry, as well as measures to improve the mobility of tourists within the region.

The need to implement crisis management planning and to facilitate intra-regional cooperation was underscored, as were the benefits of infrastructure development and timely information exchange within the APEC region.

The Ministers noted the importance of tourism to the economic, social, cultural and environmental well being of the Asia Pacific. In addition to being a significant employer, through its many labour-intensive small and medium-sized enterprises, tourism is an important medium for promoting mutual understanding and respect for the natural environment.

*The Joint Ministerial Statement, “Patagonia Declaration on Tourism in the APEC Region” from the 3rd APEC Tourism Ministers’ Meeting is available on the APEC website under Ministerial Statements.*

The APEC Travel & Tourism Economies Travel & Tourism Demand 2004 (US\$ Millions)			The APEC Travel & Tourism Economies Travel & Tourism Demand 2005-2014 Annualized Percent Growth		
World Ranking	Economy	US\$ Millions	World Ranking	Economy	Annl Pct Grwth
1	USA	1,460,100	3	China	8.7
2	Japan	470,940	4	Viet Nam	8.3
8	China	222,851	12	Chinese Taipei	7.3
9	Canada	150,961	13	Mexico	7.1
10	Australia	94,033	14	Indonesia	7.1
12	Mexico	73,345	21	Russia	6.8
13	Korea	69,940	24	Hong Kong, China	6.7
15	Russia	67,655	28	Singapore	6.6
20	Hong Kong, China	43,562	43	Korea	6.0
27	Indonesia	30,301	48	Malaysia	5.9
28	Thailand	29,357	53	Thailand	5.8
29	Chinese Taipei	29,066	59	Philippines	5.7
33	Malaysia	24,311	68	Chile	5.5
35	Singapore	21,598	76	Australia	5.3
41	New Zealand	14,990	109	Peru	4.5
48	Philippines	10,136	111	PNG	4.5
54	Chile	7,160	120	New Zealand	4.3
56	Peru	6,650	124	Canada	4.2
58	Viet Nam	6,029	129	USA	4.1
121	PNG	860	141	Brunei Darussalam	3.8
127	Brunei Darussalam	709	173	Japan	2.4

## 16th APEC Ministerial Meeting

Santiago, Chile, 17–18 November 2004

The key outcomes of the Sixteenth APEC Ministerial Meeting reflect the theme: “One Community, Our Future.” The seven sub-themes for APEC Chile 2004, provided the structure and direction for the year.

### i. A Commitment to Development Through Trade and Investment

#### *World Trade Organization (WTO)*

APEC Ministers stressed the importance of maintaining momentum in the Doha Development Agenda (DDA) negotiations. APEC will continue to support WTO and provide leadership in this regard. Ministers also endorsed the APEC Business Advisory Council’s (ABAC) conclusion that transparency, efficiency, simplification, non-discrimination, procedural fairness, cooperation and capacity building should be core elements of trade facilitation negotiations.

At their next meeting, to be held in Korea in mid 2005, Ministers will review progress in the DDA negotiations and provide clear guidance regarding the preparations and objectives for the Sixth WTO Ministerial Conference. Substantial technical work remains to be done in all areas of the

negotiations. Ministers instructed Senior Officials to intensify their efforts in this respect so that the WTO stocktaking in the first part of the year is positive, thus setting the scene for a productive 2005.

#### *Regional Trading Arrangements/Free Trade Agreements*

Ministers endorsed the “APEC Best Practices for RTAs/FTAs” which will help to ensure that RTAs/FTAs contribute to the achievement of the Bogor Goals and are consistent with, and build upon, existing WTO commitments.

A new individual action plan (IAP) reporting template will enable economies to share information on their RTAs/FTAs, using hyperlinks to official information on APEC economies’ RTAs/FTAs on the APEC Secretariat’s web page. A feasibility study will be conducted for an APEC RTAs/FTAs database to be used by business, policymakers and other stakeholders.

#### *Trade and Investment Liberalization and Facilitation*

Ministers commended the progress made by members in implementing the Trade Facilitation Action Plan (TFAP), and welcomed the outcomes of the Expanded Dialogue on Trade Facilitation (EDTF). They endorsed a series of recommendations in three areas: deepening and closer monitoring of the implementation of the TFAP, better interaction with business and advancing trade facilitation negotiations in the WTO.

According to an independent review, APEC economies are on track to meet the Shanghai Accord, which calls for achieving a 5% reduction in transaction costs by 2006.

Ministers also endorsed the Transparency Standards on Government Procurement and took note of the work in progress for assessing economies’ performance in incorporating Leaders’ Transparency Standards into their

domestic legal regimes. The Standards will be incorporated into the Individual Action Plan for economies to use in their IAP reporting.

The importance of increasing economies’ participation in existing pathfinder initiatives was underscored and Ministers called for their expeditious implementation in order to contribute to the achievement of the Bogor Goals. Pathfinders facilitate increased trade for business and Ministers called for the on-going development of new pathfinder initiatives.

#### *e-APEC and the Information Society*

The APEC Privacy Framework was established in recognition of the importance of privacy protection without creating any barriers to information flows. Ministers endorsed APEC’s Strategies and Actions Towards a Cross-Border Paperless Trading Environment.

#### *Life Sciences Innovation*

The Strategic Plan for Promoting Life Sciences Innovation will help APEC economies reach their full potential in researching, developing and marketing effective diagnostics, medical devices as well as modern and traditional medicines. It also promotes cooperation in developing effective health services.

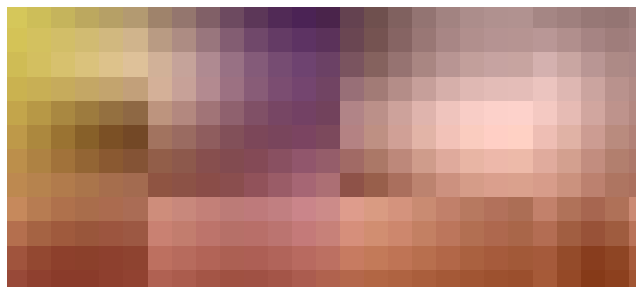
### *Interaction with the Business Community*

Ministers welcomed the increased interaction with the APEC Business Advisory Council (ABAC) as reflected in ABAC's active participation in Senior Officials and Ministerial meetings in the APEC 2004 year, and through ABAC's recommendations.

Ministers noted ABAC's preliminary report to APEC Economic Leaders and requested that officials consider ABAC's recommendations on the WTO, Trade Facilitation, Transparency, FTAs/RTAs, Trade and Security and anti-corruption measures. ABAC also made meaningful contribution to APEC's midterm stocktake process, the EDTF, and helped to identify priorities for early implementation of the Leaders' Transparency Standards.

### *Structural Reform*

The promotion and strengthening of structural reform in APEC economies is an essential prerequisite for achieving sustainable economic growth and development in the Asia-Pacific region. The "Leaders' Agenda to Implement Structural Reform" will promote structural change within APEC in areas such as regulatory



reform, legal infrastructure, competition policy, corporate governance and public sector management, in 2005 and beyond. The adoption of the APEC Structural Reform Action Plan includes strengthening economic legal infrastructure. Ongoing institutional, regulatory and structural reforms will enable APEC economies to successfully address the challenges presented by economic shocks and market instability.

### *Anti-Corruption and Transparency*

The absence of good governance is a serious threat to the proper development of economic systems in the APEC region, and globally. Ministers approved, for endorsement by Leaders, recommendations contained in the "Santiago Commitment to Fight Corruption and Ensure Transparency" and the "APEC Course of Action on Fighting Corruption and Ensuring Transparency."

A Task Force will be established in 2005, to serve in an advisory role to APEC Senior Officials. The terms of reference for the task force shall be developed for approval by SOM I, outlining a more concrete roadmap for accelerating implementation and tracking the progress of APEC's commitments to fight corruption and ensure transparency.

### *Economic and Technical Cooperation and Capacity Building*

Ministers recognized that economic and technical cooperation are essential tools to promote capacity building among members. They urged APEC to redouble its efforts to strengthen social safety nets and workforce retraining programs as part of the efforts to address the social dimension of globalization. Ministers also emphasized the importance of English and other languages that will enable small and medium enterprises, micro-enterprises, youth and women to stay connected to the global community. As such, a pilot project on "Workforce Retraining through Digital English Instruction Media," will be launched in 2005. Finally, Ministers endorsed recommendations by the SOM Committee on Economic and Technical Cooperation to strengthen the implementation of APEC projects through a rigorous evaluation framework.

## ii. Sharing Benefits Through Better Practices: Enhancing Human Security

### *Counter-Terrorism and Secure Trade*

APEC Member Economies' commitment to defeat terrorism and secure trade flows will complement APEC's core aims to facilitate trade and investment liberalization and promote economic and technical cooperation, while minimizing the cost to business.

Guidelines, consistent with the efforts of the UN and relevant international agreements, have been established on the control of man-portable air defense systems (MANPADS), specifically to prevent terrorists from obtaining and using these weapons to attack civilian aviation. APEC economies are implementing, have concluded, or aim to conclude an Additional Protocol with the International Atomic Energy Agency by the end of 2005, reflecting a determination to prohibit illicit nuclear activities.

Transportation Ministers will focus on implementing an inter-modal supply chain security initiative over the next two years and continue implementation of maritime and aviation security measures, consistent with international law.

APEC Finance Ministers' have voiced their support for the fight against terrorism, by pressing for increased compliance with accepted international standards to counter money laundering and terrorist financing, and closer cooperation through the exchange of financial intelligence.

Ministers look forward to an enhanced ability to implement regional counter terrorism capacity-building initiatives thanks to the establishment of the Asian Development Bank's Cooperation Fund for Regional Trade and Financial Security Initiative.

### *Health Security*

Outbreaks of infectious diseases, such as SARS in 2003, and avian influenza in 2004, have a profound impact on both the peoples and the economies of the region. Continued vigilance and preparedness are essential in order to detect, and quickly respond to any new outbreak, mitigating the impact on the economy of public health threats. The Health Task Force is enhancing preparedness and preparing for pandemic influenza.

Ministers approved the initiative "Fighting against AIDS in APEC" for endorsement by Leaders. Its aim is to encourage greater cooperation in the region to prevent the spread of HIV/AIDS and other emerging infectious diseases, and promote access to safe and affordable medicines and treatment for people living with AIDS.

### *Energy Security*

Ministers noted the impact of current high oil prices on the economies of APEC and emphasized that access to adequate, reliable and affordable energy is fundamental to achieving the region's economic, social and environmental objectives. Member Economies were urged to continue the Energy Security Initiative to prevent the disruption of supply, as well as promote alternative sources of renewable energy.

### *Invasive Alien Species*

APEC agreed to identify opportunities for cooperation and capacity building to detect, monitor and manage invasive pests in the Asia-Pacific region, using science-based criteria in accordance with international standards.

## iii. Growth and Stability: Keys for APEC Integration

The APEC Finance Ministers' Meeting stressed the importance of disciplined and sustainable fiscal policies for their contribution to long-term growth and economic stability. They noted that freer capital flows can heighten vulnerabilities, especially in emerging market economies, but nonetheless, emphasized the contribution that financial integration can make to growth and economic development.

### *Macroeconomic Issues*

Given the importance of the issue of terrorism and its direct impact on an economy's welfare, Ministers supported the structural theme of the 2005 APEC Economic Outlook on the Economic Impact of Counter-Terrorism in the APEC Region.

#### **iv. Skills for the Coming Challenges**

APEC Education Ministers met under the theme of “Skills for the Coming Challenges,” one of which is multilingualism and the need to improve language training in schools and among workers and small business entrepreneurs, including through the use of information technology.

Other endeavors to develop the new skills required in the 21st century include promoting improved curricula, reviewing teaching methods and education policy for quality basic education, lifelong learning, and training and retraining opportunities.

Ministers welcomed the concept of an APEC Business Schools’ Network (ABSN) proposed by ABAC that aims to build partnerships among regional tertiary training institutions, so as to encourage academic and educational exchanges; develop common standards; share resources and identify best practices.

#### **v. Opportunities for Entrepreneurial Growth**

##### *Small and Medium Enterprises (SMEs)*

Ministers welcomed the “Santiago Agenda on Entrepreneurship” adopted at the 11th APEC Ministerial Meeting on SMEs, and urged members to establish sound business environments that encourage the creation and growth of SMEs and micro-enterprises (MEs) through policies that are consistent with APEC and WTO principles.

##### *Gender*

APEC needs to formulate and implement policies that promote the development of women-owned and managed SMEs and MEs, including business development and export support services that target women’s enterprises in the region

##### *Youth*

Youth entrepreneurship should be enhanced through special education, and the creation of programs to facilitate the start up and operation of youth-owned and managed businesses. Ministers also welcome Korea’s proposal to organize the 2005 International Youth Camp.

#### **vi. Commitment to Sustainable Growth**

##### *Sustainable Development*

Recent APEC initiatives on sustainable development have illustrated the relationship between economic, environmental and social issues to provide a better understanding of what sustainable development implies for the APEC region. Ministers instructed Senior Officials to take these issues into consideration when coordinating and developing future work in this area. They look forward to a High-Level Meeting on Sustainable Development in 2005-2006.



### vii. Experiencing Our Diversity

The “Patagonia Declaration on Tourism in the APEC Region” underscored the importance of tourism to the well being of the region. In addition to being a significant employer, tourism is a vehicle for promoting mutual understanding and respect for our natural resources.

#### **FROM SANTIAGO TO BUSAN: PENDING TASKS**

##### **APEC Reform**

Ministers welcomed the package of reforms agreed by Senior Officials for immediate implementation. They noted that these reforms will make APEC more focused and policy-oriented, ensuring that APEC’s work responds directly to the instructions of Ministers and Leaders by streamlining meeting arrangements and other processes, improving coordination between fora, and increasing dialogue with the business community and other stakeholders, including labor representatives.

##### **Midterm Stocktake**

The Midterm Stocktake of overall progress towards the Bogor Goals will be based on members’ evaluation, the IAP Peer Reviews process, inputs from fora and stakeholders such as ABAC, the APEC Study Centers Consortium, Pacific Economic Cooperation Council, and include Senior Officials’ policy recommendations for future activities that need to be taken to achieve the Bogor Goals.

Ministers welcomed the successful conclusion of the 2004 IAP Peer Reviews of Chile, China, Peru, Singapore, Chinese Taipei and the United States and reaffirmed their commitment to complete all 21 IAP peer reviews by SOM I in 2005, in order to support preparations for the midterm stocktake.

##### **Future Meetings**

Ministers noted that future APEC Ministerial Meetings will be held in Viet Nam in 2006, Australia in 2007 and Peru in 2008. Singapore has offered to be the host economy in 2009.

*The Joint Ministerial Statement from the 16th APEC Ministerial Meeting is available on the APEC website under Ministerial Statements.*



## 2004 Senior Officials' Meetings (SOM)

### Informal SOM: Vina del Mar, Chile (11-12 December 2003)

The Informal SOM meeting in December 2003 defined the principle guidelines for SOM's work in 2004. SOM discussed and approved the agenda for APEC 2004 and key issues to be addressed such as support for the WTO's Doha Development Agenda, the impact of the proliferation of regional trading arrangements and free trade agreements (RTAs/FTAs) and further development of APEC's Counter Terrorism Agenda.

### SOM I: Santiago, Chile (2-3 March 2004)

The first formal meeting of APEC Senior Officials formed the cornerstone of the year ahead, formally agreeing issues for deliberation and action by all 21 Member Economies and APEC fora.

The 2004 APEC year saw 121 new APEC projects launched across the Asia-Pacific region and featured 10 Ministerial Meetings in Chile, Indonesia, New Zealand and the Philippines.

### SOM II: Pucón, Chile (1-2 June 2004)

While support for WTO and counter-terrorism activities remained in focus, other issues gained prominence at SOM II. An APEC-OECD checklist on Regulatory Reform was readied; a Strategic Plan for Promoting Life Sciences Innovation started to take shape and the first meeting of the Steering Group of Non-Ferrous Metal Dialogue was attended by representatives from 13 economies.

Progress was made on strengthening the implementation of APEC projects through the development of a new Quality Assessment Framework, a template to assist project proponents in developing high-quality proposals. A plan to revitalize APEC's cross-sectoral approach to sustainable development was introduced, with the proposed integration of fisheries and marine resources conservation, tourism, mining and small and medium enterprises.

Issues relating to WTO, RTAs/FTAs within the APEC region, anti-corruption and transparency and the development of domestic and regional bond markets featured on ABAC's ambitious agenda. ABAC proposed a range of options to accelerate trade and investment liberalization in the region and a free trade agreement of the Asia-Pacific open to all APEC economies.

### SOM III: Santiago, Chile (3-4 October 2004)

Emphasizing its leadership and experience in trade facilitation, APEC reiterated its support for the Doha Development Agenda and the WTO accession of Russia and Viet Nam.

Another important step forward for APEC economies was agreement on a set of best practice principles for RTAs/FTAs. These FTA best practices are non-binding, but have the endorsement of economies accounting for 60% of world trade, and thus represent an important milestone in global trade liberalization.

The Counter-Terrorism Task Force continued to implement APEC Security Commitments and recommended that APEC demonstrate unequivocal resolve to collectively confront the threat of terrorism.

Recommendations on transparency standards on government procurement, which call for transparency, open and effective competition, fair dealing, accountability and due process, as well as non-discrimination, were also finalized at this meeting.

Progress was made in developing an Integrated Checklist on Regulatory Reform with the OECD, which is scheduled for deliberation at the Meeting of Trade Ministers in 2005.

A report on a Regional Movement Alert List was finalized. A pilot project is recommended for 2005, and additional economies were invited to participate.

A task force will be established to oversee an APEC Anti-Corruption Symposium in Korea, in September 2005. It was agreed that the draft Declaration of the APEC Leaders' Santiago Commitment to Fight Corruption and Ensure Transparency and a draft of the APEC Course of Action (COA) on Fighting Corruption and Ensuring Transparency would be delivered at the Leaders' meeting in November 2004.

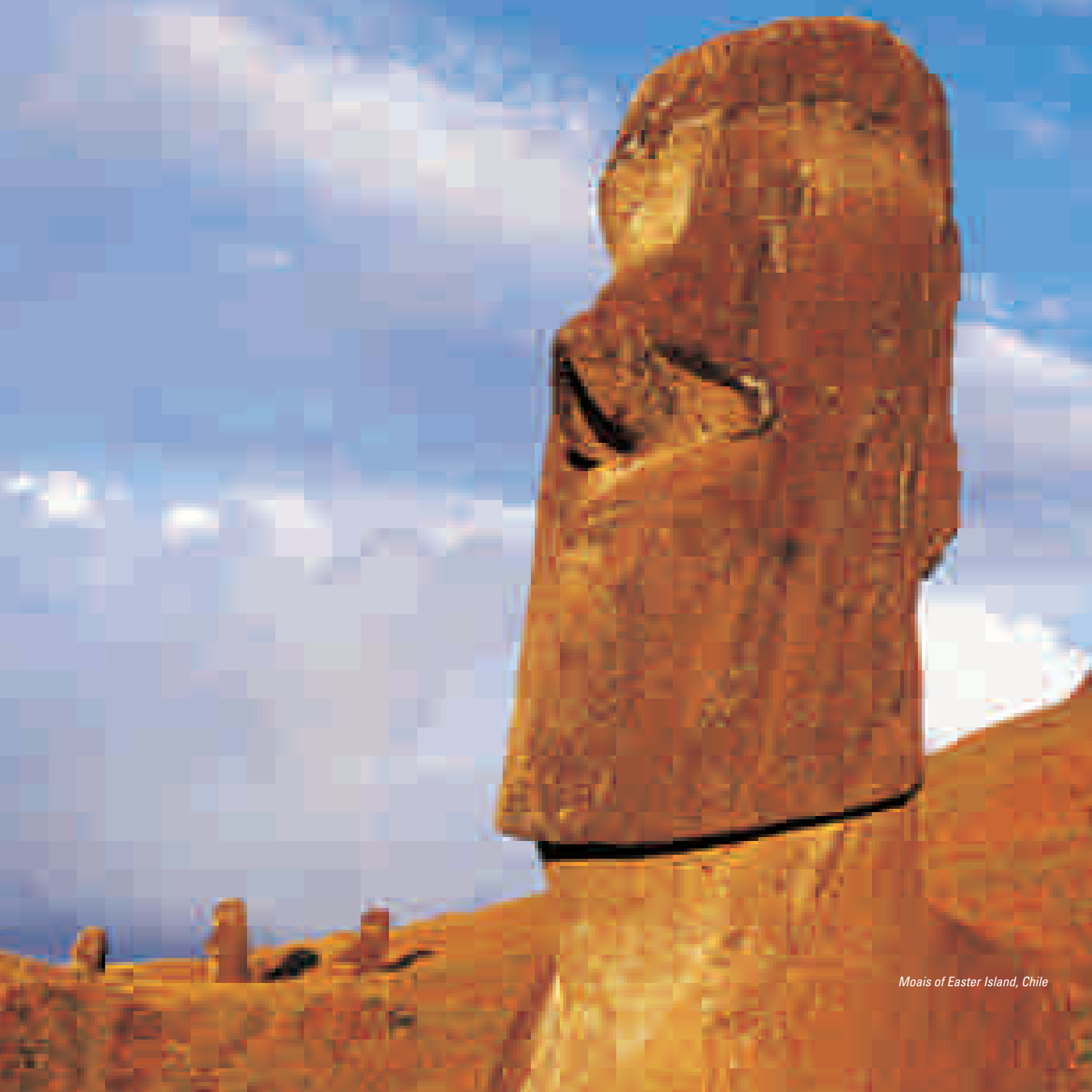
### **Concluding SOM: Santiago, Chile (14-15 November 2004)**

In the final preparations for the summit meeting in 2004, SOM identified major deliverables to be presented to Ministers and Leaders, covering the agreed priorities.

Intellectual Property Rights (IPR) protection was singled out as an issue in which APEC could provide leadership. APEC welcomed Japan's establishment of an IPR Service Center and encouraged economies that have not already done so, to follow suit.

Corruption raises the cost of doing business, undermines the accountability of public officials and cripples economies. The Santiago Declaration to Fight Corruption and Ensure Transparency, and the APEC Anti-Corruption Course of Action were finalized. APEC economies voiced support for the inclusion of anti-corruption on APEC's agenda. APEC members recognize the links between corruption, trans-national crime and terrorism and while APEC is primarily a family rooted in commercial considerations, it must confront terrorism as a major impediment to free trade and free movement of people.





*Moais of Easter Island, Chile*



# SCHEDULED MEETINGS OF MINISTERS AND SENIOR OFFICIALS IN 2005

*BEXCO 1, Busan, Korea*

## SCHEDULED MEETINGS OF MINISTERS AND SENIOR OFFICIALS IN 2005

22 February	to	04 March	Seoul, Korea	APEC SOM I Meeting and Related Meetings
21 May	to	31 May	Jeju, Korea	APEC SOM II Meeting and Related Meetings
02 June	to	03 June	Jeju, Korea	APEC Meeting of Ministers Responsible for Trade
01 September	to	02 September	Daegu, Korea	12th APEC SME Ministerial Meeting
05 September	to	14 September	Gyeongju, Korea	APEC SOM III Meeting and Related Meetings
08 September	to	09 September	Jeju, Korea	APEC Finance Ministers' Meeting
16 September	to	17 September	Bali, Indonesia	2nd APEC Oceans-Related Ministerial Meeting
12 November	to	13 November	Busan, Korea	APEC Concluding Senior Officials' Meeting
15 November	to	16 November	Busan, Korea	APEC Joint Ministerial Meeting
17 November	to	19 November	Busan, Korea	APEC CEO Summit
18 November	to	19 November	Busan, Korea	APEC Economic Leaders' Meeting





# ACTIVITIES OF APEC FORA

## Budget and Management Committee

### Purpose

The Budget and Management Committee (BMC) advises Senior Officials on budgetary, administrative and managerial issues. Its key responsibility is to prepare the budget for APEC under the Administrative Account and recommend the approval of projects. The BMC also monitors and evaluates project management aspects of APEC Fora, and makes recommendations to SOM for improved efficiency and effectiveness.

### Operational Account

Projects in support of APEC's Economic and Technical Cooperation (ECOTECH) agenda are funded by members' annual contributions to APECs' Operational Account. In recent years, the account has supported projects with an annual commitment of US\$2 million.

### Trade and Investment Liberalization and Facilitation Special Account

Cooperative projects in support of Trade and Investment Liberalization and Facilitation (TILF) that assist APEC Member Economies 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 for projects that expand cooperative programs, encouraging trade and investment liberalization and facilitation. Japan also expressed its view that other APEC Member Economies should actively engage in future cooperation. The TILF Special Account has been established to accommodate such contributions. In recent years, the account has funded projects with an annual commitment of around US\$4-5 million.

### Key Developments

#### *Project Evaluation*

In 2004, the BMC, working in conjunction with the SOM Committee on ECOTECH, agreed on a new quality assessment framework for projects from approval through implementation to final evaluation.

### 2005 Priorities

#### *APEC Reform*

The major concern for the BMC will be to develop a sustainable financial strategy for APEC. The budget for the Administrative Account must match the demands of the Senior Officials on the APEC Secretariat. The BMC will assist SOM to advance APEC Reform proposals and prepare budgets for the Administrative and Operational Accounts to match.

#### *APEC Support Fund*

In 2004, BMC agreed to a proposal for an APEC Support Fund to broaden APEC's funding base for capacity-building projects. The BMC will assist SOM to develop the details of the operation of this fund. It is hoped that the fund can support additional projects valued in excess of US\$1 million.



### *Guidebook on APEC Projects*

The BMC is completing a major review of The Guidebook on APEC Projects to simplify procedures and incorporate the new quality assessment framework. The Guidebook provides direction on managing the financial aspects of APEC projects, including reporting and evaluation.

## Committee on Trade and Investment

### Purpose

The Committee on Trade and Investment (CTI) is APEC's voice on global trade and investment issues. It is the coordinating body for all of APEC's work on Trade and Investment Liberalization and Facilitation (TILF), as directed by APEC Leaders and Ministers under the guidance of senior officials.

The Committee works to reduce impediments to business activity in the areas outlined in the Osaka Action Agenda, and provides a forum for APEC's 21 member economies to deliberate trade and policy issues. CTI oversees sub-fora as well as industry dialogues.

### Key Developments

While the collective action plans remain the Committee's main vehicle for advancing APEC's TILF agenda, CTI also adopted five key priorities in 2004:

- continued support for the WTO,
- trade and investment facilitation (including intellectual property rights),
- implementation of the APEC Transparency Standards,
- implementation of Pathfinder Initiatives, and
- contribution to the APEC Structural Reform Action Plan.

The Committee undertook work related to several other APEC-wide initiatives, including regional and bilateral free trade agreements, implementation of APEC's security commitment and APEC reform.

Accomplishments in 2004 include:

- CTI and its sub-fora organized several capacity-building programs that trained officials from developing economies in a range of WTO and trade facilitation issues.
- CTI's work with the Market Access Group to identify a list of IT products on which tariffs could be eliminated contributed to ministerial agreement on three IT products (multi-chip integrated circuits, digital multifunctional machines and modems) to be forwarded to the WTO for consideration.

- CTI conducted a mid-term review of APEC's implementation of the Trade Facilitation Action Plan, which shows member economies to be on track to meet the goal of cutting transaction costs by 5%.
- As mandated by Leaders and Ministers, CTI and the APEC Business Advisory Council (ABAC) organized an Expanded Dialogue on Trade Facilitation. The result was a commitment to work more closely with the business sector, strengthening and deepening the implementation of concrete trade facilitation actions and measures.
- CTI continued to assist economies implement the APEC Comprehensive Strategy on the Protection of Intellectual Property Rights (IPR), which involves, among other actions, setting up IPR Service Centers.



### APEC Transparency Standards

*APEC has transparency standards for nine trade policy areas, as well as the tools to help member economies implement these standards. The APEC Transparency Standards are the most comprehensive adopted by any international forum and are directly aimed at addressing key business concerns in the following areas:*

- services;
- investment;
- competition law and policy and regulatory reform;
- standards and conformance;
- intellectual property;
- customs procedures;
- market access;
- business mobility, and
- government procurement.

- A series of transparency standards on government procurement was adopted; increasing the number of trade policy areas in which APEC has established transparency standards to nine. CTI updated individual action plan (IAP) templates to reflect these standards and help economies track their implementation. The Committee also worked with ABAC to integrate the business community's input on transparency-related issues.
- A strategy was devised to improve the effectiveness of Pathfinder Initiatives and encourage wider participation.
- APEC economies and CTI sub-fora organized and implemented a number of capacity-building projects in response to the APEC Structural Reform Action Plan, at the same time continuing their work on an APEC-OECD Integrated Checklist on regulatory reform, scheduled for completion in 2005.
- CTI made an important contribution to APEC's security agenda through the work of its Sub-Committee on Customs Procedures and the Informal Group on Mobility of Business People. Initiatives were developed on customs integrity, document security, Advance Passenger Information Systems and a Regional Movement Alert List system.

### 2005 Priorities

The Committee has started inter-sessional discussions on compiling a list of priorities to complement and contribute towards the achievement of the APEC 2005 objectives. Contribution to the midterm review of the Bogor Goals and the Future Roadmap to the Bogor Goals will be a key area of focus for the Committee.

The CTI will continue to work closely with its sub-fora and the business community to deliver meaningful results on the TILF agenda by the time of the APEC Leaders/Ministerial Meetings in Busan, Korea, in November.

### APEC Expanded Dialogue on Trade Facilitation

*The APEC Expanded Dialogue on Trade Facilitation (EDTF) was mandated by the APEC Trade Facilitation Action Plan to assess whether APEC is on track to meet the Shanghai Accord's target of cutting regional transaction costs by 5%.*

*The assessment found that APEC economies are on track to meet the 2006 target.*

*While progress has been made, several important measures have yet to be realized. Developing economies will need more capacity building in order to implement them on schedule.*

*As a result of the EDTF, CTI elaborated recommendations for ministerial endorsement in three areas:*

- *strengthening and deepening the implementation of concrete trade facilitation actions and measures;*
- *working more closely with business, and*
- *working together to advance trade facilitation negotiations in the WTO.*



### *i. Competition Policy and Deregulation*

#### **Purpose**

The Competition Policy and Deregulation Group (CPDG) aims to enhance the region's competitive environment. The globalization of business has highlighted the importance of competition issues and the CPDG, under the guidance of the Committee on Trade and Investment, works to develop an understanding of regional competition laws and policies, examine the impact on trade and investment flows, as well as identify areas for technical cooperation among member economies.

#### **Key Developments**

- Completed the next phase of the APEC Training Program to promote economic competition, particularly in the telecommunications and financial services sectors.
- Continued cooperation with the Strengthening Economic Legal Infrastructure (SELI) Group by coordinating the needs of APEC Member Economies with specific projects based on the Menu of Options on Competition Policy.
- Developed new capacity building programs to assist economies in implementing the APEC Principles to Enhance Competition and Regulatory Reform.
- Completed the Competition Policy and Law Database at <http://www.apeccp.org.tw/> which is now available for public access. Members will update the database in line with the development of their respective competition policy and law.

#### **2005 Priorities**

- The APEC-OECD Integrated Checklist being developed by the CPDG is expected to be a deliverable for 2005.
- The next phase of the APEC Training Program on Competition Policy will be implemented in 2005.
- The Group will continue to improve communication and coordination with other APEC Sub-fora in areas of mutual interest, particularly with the SELI Coordinating Group.

#### **Integrated Checklist**

*APEC and OECD economies have embraced similar concepts of regulatory quality. In the 1997 report, ministers from OECD countries reached agreement on a broad set of principles for regulatory reform, covering economic regulations, social regulations and government formalities. The September 1999 APEC declaration for supporting growth through strong and open markets included the APEC Principles to Enhance Competition and Regulatory Reform.*

*The CPDG, in coordination with the OECD, is working on an Integrated Checklist for self-assessment on regulatory, competition and market openness policies, for members to implement those principles.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/committee\\_on\\_trade/competition\\_policy.html](http://www.apec.org/apec/apec_groups/committees/committee_on_trade/competition_policy.html)

## ii. Customs Procedures

### Purpose

The Sub-Committee on Customs Procedures (SCCP) coordinates and undertakes work related to APEC members' collective action plans (CAPs) to simplify and harmonize customs procedures. These measures facilitate trade within the APEC region, which in turn results in time and cost-savings for businesses and customs authorities.

The harmonization of customs documentation and access to current information on customs-related matters improve transparency, consistency and fairness. As a result of the SCCP's work, the business community directly benefits from increased confidence and lowered transaction costs. The SCCP also supports APEC's Trade and Investment Liberalization and Facilitation (TILF) agenda.

### Key developments

- The SCCP and the Informal Experts Group on Business Mobility have been given key roles in implementing elements of the Secure Trade in the APEC Region initiative, as well as other security commitments.
- A number of missions, workshops and seminars were convened in member economies:
  - Two workshops on customs integrity, Chile and Peru.
  - Completion of missions to Chinese Taipei, Thailand, Malaysia, Philippines and Vietnam for implementing World Customs Organization's Customs Guidelines on Express Consignment Clearance.
  - Completion of missions to Thailand and Indonesia for implementing the Harmonized System Convention.
  - Completion of workshops on Customs Valuation in Papua New Guinea and China. Completion of workshop on Rules of Origin, Peru.
  - Conclusion of a seminar on Capacity Building on Trade Facilitation/Customs Procedures in Daejeon, Korea.
- The annual APEC Business-Customs Dialogue focused largely on security matters. The forum offers a chance for stakeholders to exchange ideas, examine trade facilitation issues (in the context of customs issues) and promote better understanding between customs administrations and the private sector.
- The SCCP agreed on the implementation of the APEC Transparency Standards on Customs Procedures, and members are in the process of designing the methodology.
- *The Best Practices on Customs-Business Partnership* and the *Blueprint for the APEC SCCP* were revised and published in November 2004. The two publications are important "living" documents that are regularly updated.
- The SCCP Midterm Trade Facilitation Report, a compilation of trade facilitation initiatives implemented since 2001, was submitted to the Committee on Trade and Investment.

### 2005 Priorities

The SCCP will continue to assist customs administrations in the APEC region to streamline, upgrade and harmonize their activities. It will support members in the implementation of their respective CAPs. The SCCP will hold two meetings in 2005, in Seoul and Gyeongju City, Korea.



### Paperless trading

*One of the SCCP's principle tasks is to achieve "Paperless Trading," the objective of which is to encourage the adoption of appropriate electronic technologies and procedures and thereby reduce the volume of paper documents needed for customs and other cross-border trade administrations, including any documents or messages relevant to international sea, air and land transport. The structure of the SCCP Paperless Trading Program helps member economies develop and implement Paperless Trading strategies.*

*Paperless Trading is a five-phase technical assistance program. It is currently at the conclusion of Phase 4.*

**Phase 1:** *The identification of current customs practices and procedures in member economies in order to identify where improvements can be made and where assistance is needed.*

**Phase 2:** *The engagement of an expert consultant for Phases 3 and 4.*

**Phase 3:** *A self-assessment and technical needs analysis.*

**In Phase 4:** *The identification of current transaction processes and examination of the means to reduce the requirements for paper documentation.*

*In order to undertake Phase 5, economies need to first complete development of their Paperless Trading Action/Implementation Plans. To date, only two economies have identified such an initiative.*

*The next step will see Member Economies prioritize a list of possible strategies and implementation measures and establish whether they are best addressed at the national level, or collaboratively with one or more partners.*

### APEC Customs-Business Dialogue

*The APEC Customs-Business Dialogue (ACBD) was launched in 2001, and has become an important annual platform for key players of international trade to explore and discuss priority themes and topics of common interests. The dialogue reflects the dynamics of the clearance environment and allows APEC customs administrations, the business community, other APEC fora and relevant international organizations, to collaborate towards accelerated and safer trade facilitation that is predictable and efficient.*

*The theme for 2004's meeting held in Viña del Mar, in September, was "a Better Understanding and Communications between Customs and the Private Sector: Trade Facilitation, Customs Security and Modernization."*

*It was attended by over 350 participants from business associations, traders, forwarding agents, customs brokers, national chambers of commerce, as well as heads of customs administrations of APEC Member Economies and representatives from the World Customs Organization.*

*The next ACBD will be held in September 2005, in Korea.*



### iii. Government Procurement

#### Purpose

The Government Procurement Experts' Group (GPEG) works for a common understanding of government procurement policies and practices. The aim is to maximize opportunities for business to compete, consistent with APEC's liberalization agenda.

The GPEG has developed a set of agreed non-binding principles (NBP) and illustrative best practices to guide APEC economies towards voluntary harmonization and liberalization of government procurement.

APEC Member Economies are encouraged to align their procurement framework with the APEC GPEG NBPs of transparency, value for money, open and effective competition, fair dealing, accountability and due process, and non-discrimination.

#### Key Developments

The key GPEG deliverable for 2004 was the finalization of the Government Procurement Transparency Standards, which will achieve better procurement outcomes for economies, instill more confidence and widen opportunities for the business sector.

The GPEG also created a bulletin board to facilitate information sharing between member economies so as to better communicate on issues of mutual interest in a secure environment.

#### 2005 Priorities

- Continue work on GPEG capacity-building projects, including progressing SME initiatives in cooperation with the SME Working Group, and information sharing on the Government Procurement Transparency Standards.
- Continue to encourage member economies to report new initiatives in procurement practices based on the NBPs, as well as the development of their e-procurement initiatives.
- Ongoing information sharing on multilateral and bilateral trade arrangements negotiated by member economies.
- Develop case studies on better practices in government procurement and share them via the GPEG on-line bulletin board.
- Continue to update the APEC government procurement home page to enhance the transparency of members' government procurement policy, procedures and procurement opportunities.



#### *iv. Intellectual Property Rights*

##### **Purpose**

Intellectual property (IP) is the crucial ingredient in post-industrial knowledge-based economies, the intellectual catalyst for innovation, the development of new industries and job creation. IP protection covers patents, trademarks, copyright and related rights, geographical indications, industrial designs, know-how and trade secrets. Collectively, these IP rights constitute an integral part of the international trading system, facilitating both commerce and investment opportunities.

Established in 1996, APEC's Intellectual Property Experts Group (IPEG) coordinates and undertakes work related to intellectual property rights (IPR). IPEG's objectives include working on new and common intellectual property issues, the effective enforcement of IPR and to fully implement the World Trade Organization's (WTO) Agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

The WTO's TRIPS agreement prescribes minimum standards for the protection of IPR and the necessary procedures and remedies for its enforcement. These measures are to be adopted by all WTO member countries in their national laws governing IPRs.

IPEG supports a strong and effective IPR system throughout APEC, emphasizing its role in trade facilitation. IP protection gives business the confidence that their rights will be respected and that profits will be returned to IPR holders when goods and services are traded in the region.

APEC Member Economies have been encouraged to establish "virtual" IPR Service Centers that will provide comprehensive information on APEC Members' intellectual property regimes, including relevant laws, regulations and helpful contact details, when fully implemented.

##### **Key Developments**

A standard trademark application form for APEC Member Economies is being finalized. Businesses, including potential investors, will be able to quickly familiarize themselves with trademark registration requirements in the various APEC economies.

The APEC-funded project on Public Education and Awareness of Intellectual Property conducted in Indonesia, the Philippines and Viet Nam, has developed tools and strategies to improve public education and awareness in those economies. The main outcomes of the project have been the development of websites, promotional publications on IPR and small and medium-sized enterprises, and training of local staff.

The preliminary results of a survey on the best practices within Member Economies for combating optical disc piracy identifies the various legal schemes that have been developed and established to address this issue. Most Member Economies have significantly reduced optical disc piracy.

A draft of the IPR Service Center Manual to help each APEC economy establish its own IPR Center has been completed.



## 2005 Priorities

APEC will undertake an ambitious program in 2005 to nurture intellectual property, protect IPR and deal with new intellectual property issues. APEC Ministers have pledged to fight piracy and trade in counterfeit goods, combat online piracy issues and increase IPR cooperation and capacity building.

IPEG will continue to support IPR enforcement. In this respect, IPEG will complete a template for Member Economies to report on their status of implementing measures to protect copyright in the digital environment. More education will get underway with a Workshop on Intellectual Property for SMEs and Micro-enterprises in the APEC Region to be held in Viet Nam and a Public Education and Education and Awareness Program to be conducted in six APEC economies.

IPEG will focus on WTO Matters, including the WTO Doha Development Agenda, which focuses on the protection of emerging IPR fields. Other areas of activity will include the Establishment of Internationally Harmonized IPR Systems, Cooperation on Searches and Examinations, Nontraditional Trademarks, Electronic Processing of IPR-Related Procedures such as Electronic Filing Systems, Electronic Commerce and Dissemination of Information by Electronic Means.

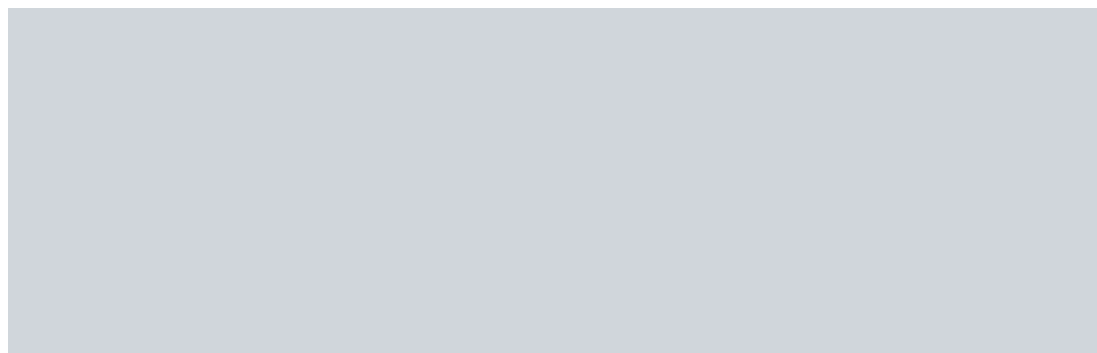
IPEG will also explore the scope of IP as it relates to new IP proposals in the areas of traditional knowledge and geographical indications. Traditional knowledge may encompass the innovations and practices of indigenous or local communities, developed from long experience and adapted to the local culture and environment. Geographical Indications are indications that identify a good as originating in the territory of a WTO Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

## IPR Service Centers

*Strengthening Economic Legal Infrastructure in counterfeit and pirated products impedes the development of trade and investment, causing economic loss to corporations and their host nations. Other unwelcome side effects include health hazards posed by counterfeit consumer products.*

*In view of the urgency and severity of the negative implications of IPR infringement, APEC has identified IPR protection as a pressing problem for the development of the region. In June 2003, it was agreed to establish IPR Service Centers in each economy in order to help promote and protect IPR.*

*The IPR Service Centers champion the protection of all IP rights including patent rights, design rights, trademark rights, and copyrights and provide information for corporations and private citizens. To date, Service Center functions are available in Australia, Hong Kong China, Japan, Korea, Malaysia, New Zealand, Singapore, Chinese Taipei, Thailand and Viet Nam.*



## v. Investment

### Purpose

Investment is the lifeblood of economic growth and development. Leveraging APEC's spirit of open regionalism, the Investment Experts' Group (IEG) aims to galvanize investment flows within the region through its support for the efforts of the Committee on Trade and Investment. The IEG works to enhance transparency of investment regimes, facilitate investment activities and promote investment liberalization.

### Key Developments

A high-level seminar on Foreign Direct Investment Trends and Investment Agreements, Challenges and Opportunities, was held in May 2004 in Pucón, Chile, and included representatives from the OECD and other international organizations. At the meeting, the IEG agreed to establish closer collaboration with its OECD counterpart (the Committee on International Investment and Multinational Enterprises) for informal exchange of information and experiences.

IEG updated the *APEC Guide to the Investment Regimes of the APEC Member Economies*. The Guide provides additional clarity on the investment regulations and procedures of different economies, the lack of which can be a major impediment to free trade and investment. The publication is available on the APEC Secretariat website and provides information on six topics:

- Background on the foreign investment regime
- Regulatory framework and investment facilitation
- Investment protection
- Investment promotion and incentives
- Summary of international investment agreements or codes to which the APEC member is a party
- Assessment of recent trends in foreign investment



### 2005 Priorities

Looking ahead, IEG plans to cooperate with other international organizations, such as OECD-UNCTAD, to explore common ground in dealing with investment issues and identifying synergies.

IEG will continue to promote dialogue with the APEC business community on ways to improve the investment environment, and update, in conjunction with the APEC Business Advisory Council, arrangements for enhanced investment protection.

Now that regional trade arrangements and free trade agreements are included in the APEC work agenda, the IEG will engage in policy discussions on the investment dimension of such agreements.

APEC leaders in 2002 adopted the Statement to Implement the APEC Transparency Standards and directed that these standards be implemented no later than January 2005. Progress has already been achieved by IEG in this area and the Group will continue to champion transparency issues.



## *vi. Mobility of Business People*

### **Purpose**

The Informal Experts Group on Business Mobility (IEGBM) streamlines the entry immigration processes for businesspeople who travel in the Asia Pacific region. The group brings together immigration officials to explore ways in which to improve border management and travel-related systems. The IEGBM is introducing new management techniques, improved security and is cutting red tape to reduce costs to business. To enhance the mobility of business people, members have launched several initiatives. These include the APEC Business Travel Card (ABTC). It provides more flexible arrangements for short-term business visas, simplifies and expedites temporary residence procedures for business people and expands cooperation between authorities and private airlines.

### **Key Developments**

In 2004, the IEGBM extended its work into new areas and continued to make progress with established initiatives and standards:

#### **Advanced Passenger Information (API)**

Advanced Passenger Information (API) systems utilize IT technologies and deepen cooperation between airlines and immigration authorities to make air travel safer and to provide faster, more effective border controls. Several economies have introduced API systems. The IEGBM has been providing assistance in needs assessments and capacity building. It also promotes coordination and the sharing of best practices.

#### **Regional Movement Alert List System**

The IEGBM conducted a workshop and delivered a feasibility study on an automated Regional Movement Alert List (RMAL) system which will broaden the scope of coordination and information sharing among immigration authorities to include lost and stolen passports alert mechanisms for people of security concern were also explored.

#### **APEC Business Travel Card**

Papua New Guinea and Singapore were the latest members to announce that they will join the ABTC scheme, bringing to 16 the number of participating APEC economies in 2004. They are currently developing implementation procedures and are expected to launch operations in mid-2005.

#### **Transparency**

Improving transparency has been identified as an APEC priority. IEGBM members agreed to a common set of legislative transparency standards. They are now self-assessing their existing immigration policies and operations against these standards. These self-assessments will form the basis for identifying capacity building needs.

#### **Travel Document Standards and Travel Document Examination**

Member economies agreed to common travel document standards, including the adoption of Machine Readable Travel Documents (MRTDs) by 2008, and continue to explore the use of biometrics. Concurrently, members are sharing expertise in travel document examination as they work to improve this critical capacity across all APEC economies.







### Advance Passenger Information

*The work of the IEGBM reflects a broader APEC goal of facilitating commerce and cutting costs to business, while at the same time ensuring stronger and more secure systems. A practical example is the effort of APEC members to establish Advance Passenger Information (API) systems. These systems build greater cooperation between airlines and immigration officials in an effort to both enhance security and facilitate travel.*

*Under API, passenger information taken by the airline at check-in is shared in a secure way with immigration officials in the receiving economy. This allows a real-time response if the traveler's name appears on an alert list or they are identified for further screening. Consequently, officials can help keep flights safer, screen for unqualified entrants before they board their planes, and concentrate on-arrival resources on passengers of interest. Providing advance information of travelers will also enable most processing to be completed prior to their arrival, thereby speeding up clearance at airports on arrival. So, for most passengers, API means faster, smoother immigration clearance.*

*Currently, Australia, Canada, Japan, Mexico, New Zealand and the US have implemented some form of API system. Korea and Thailand are expected to implement API systems in 2005. Malaysia has implemented an API system for sea arrivals. Of the remaining APEC members, API feasibility studies have been completed in seven economies, and are scheduled for the other six economies in 2005.*

### 2005 Priorities

A pilot RMAL system initiated between Australia, Chile and the US will be opened to other interested economies for testing. A report will be presented to ministers in late 2005.

Also in 2005, the IEGBM will examine operational issues and expand the capacity and scope of the ABTC scheme. The group will further streamline temporary entry procedures, expanding the use of e-commerce arrangements, and evaluate and incorporate the feedback from business.

Korea has initiated a discussion of best practices and awareness raising of international standards related to Immigration Liaison Officer (ILO) programs. Such programs involve the assignment of immigration staff to busy airports abroad in order to improve coordination and assist in resolving day-to-day problems and operational issues.

Work on Travel Document Security will continue, including capacity building needs related to documents, biometrics, document examination and plans to enable machine-readable document issuance in all economies by 2008.

IEGBM will continue to look at implementing recently adopted standards, especially those applying to transparency, travel documents and professional services.



### APEC Business Travel Card (ABTC) scheme

*The APEC Business Travel Card is the APEC outcome you can put in your pocket. The ABTC makes travel arrangements in the region quicker and easier as it identifies the cardholder to immigration authorities as a bona-fide frequent business traveler. As one of the practical benefits, cardholders are allowed to use special airport processing lanes in major airports of participating economies to speed their entry and exit.*

*The secret behind fast processing at the border is pre-clearance by all participating economies. A card operates in lieu of a business visitor visa for those economies. Applicants are also pre-vetted and approved by their own government. This is done from a single application and a single fee, with approving economies listed on the back of each card. Border Authorities can be confident that the card represents a prior review of the traveler's business credentials*

*The ABTC has attracted the interest of the business community as a trade facilitation priority. The APEC Business Advisory Council (ABAC) has encouraged economies to adopt the card, helped promote the card and engaged with IEGBM members to offer critical feedback on ABTC implementation to improve the scheme further.*

### Rules of Origin

*Rules of Origin (ROO) provisions are a feature of virtually all regional trade agreements (RTAs). The APEC forum is a prominent exception, with its members using their respective domestic ROO.*

*ROO can affect trade by inflicting two types of costs—production and administrative costs. Both of these costs can introduce a protectionist bias.*

*Rules of Origin in RTAs among APEC economies range from the highly complex to the apparently very simple. Very complex Rules of Origin are likely to add to the compliance costs of business and increase the likelihood of costly disputes. Perhaps the most unequivocal criteria for Rules of Origin is that they should be transparent, clear and consistent.*

*The key to undercutting ROO's negative trade effects lies in the success of multilateral liberalization. The Committee on Trade and Investment Plenary Session/Meeting works to harmonize these rules among APEC member economies.*

### vii. Rules of Origin

#### Purpose

Rules of Origin are the laws and regulations that determine the origin of traded goods. Globalization has made it increasingly difficult to determine the "original" source economy of many products. Raw materials and the components and parts used to make finished goods are often sourced from all over the world. Rules of Origin are important because they make possible the implementation of trade policy tools such as anti-dumping and countervailing duties, trademark and safeguard measures. The Committee on Trade and Investment Plenary works to harmonize these rules among APEC Member Economies.

#### Key Developments

In February 2004, Chile developed and presented a Comparative Matrix on Rules of Origin. This matrix contains a description of the Rules of Origin and customs procedures related to origin applied by different APEC Member Economies in their bilateral and multilateral free trade agreements. The matrix emphasizes the role of customs administrations in the verification and control process of preferential origin.

The main endeavors of APEC members in this respect are its workshops on Rules of Origin. They provide much needed technical assistance for customs officials to implement the WTO Agreement on Rules of Origin.

### viii. Services

#### Purpose

The services sector is a major employer and it generates considerable economic growth, trade and investment in the Asia-Pacific region. While services are typically not protected by tariffs, service trade barriers can be just as restrictive and damaging. For example, regulatory controls, particularly quantitative restrictions, create artificial scarcity and thus inflate prices. To encourage further growth and development in this important area, the Group on Services (GOS) coordinates APEC's work on services and collaborates with the other four service-related working groups: Telecommunications and Information; Transportation; Tourism, and Energy.

GOS specializes in services policy in support of the WTO. It aims to add "APEC value" to the WTO agenda on services by complementing the ongoing WTO services negotiations and increasing APEC members' capacity to participate fully in the WTO process.



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/committee\\_on\\_trade/rules\\_of\\_origin\\_.html](http://www.apec.org/apec/apec_groups/committees/committee_on_trade/rules_of_origin_.html)

## Key Developments

In 2004, GOS continued to monitor developments in the WTO services negotiations. GOS exchanged information and discussed suggestions concerning issues being deliberated; in particular, capacity building in support of members' preparation for successful participation in the WTO services negotiations.

GOS also discussed how to implement the APEC Transparency Standards for Services and continued to follow up the multi-year project, "Menu of Options for Voluntary

Liberalization, Facilitation and Promotion of Economic and Technical Cooperation in Services Trade and Investment."

In addition, the Group updated a Service Experts database and completed two studies about services trade liberalization—one focused on the impact of measures to liberalize and facilitate trade in environmental services, while the other focused on the costs and benefits of services trade liberalization in insurance, tourism, distribution and health services.

### 2005 Priorities

GOS will continue to contribute to the ongoing WTO negotiations on services. A symposium will be held on the transparency of Mode 4 commitments. Mode 4 refers to the movement of natural persons across

borders under WTO's General Agreement on Trade in Services (GATS). GOS will discuss ways in which rules and regulations related to Mode 4 can be made more transparent. It will review the implementation of the APEC Transparency Standards for Services and research standards of nursing skills in a number of APEC economies. Another symposium on mutual recognition agreements in professional services will be conducted, and subject to funding approval from APEC's Budget and Management Committee, a seminar on the scheduling of GATS commitments will be organized.

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/committee\\_on\\_trade/group\\_on\\_services.html](http://www.apec.org/apec/apec_groups/committees/committee_on_trade/group_on_services.html)

## ix. Standards and Conformance

### Purpose

The Sub-Committee on Standards and Conformance (SCSC) works to reduce the negative effects on trade and investment flows caused by differing standards and conformance within the region. It encourages the closer alignment of APEC Member Economies' standards with international standards. Ultimately, by expediting trade flows, lowering costs and integrating production networks, harmonized standards and conformance will improve efficiency and facilitate the conduct of international trade.

### Key Developments

The SCSC continued to implement a multi-faceted work program. Major outcomes in 2004 included two conferences: one on standards and conformance, and one on good regulatory practice. The Sub-Committee increased its interaction with ABAC, and the Small and Medium Enterprises (SME) Working Group to address the effects of standards and conformance on SMEs.

The SCSC organized a number of capacity-building projects and obtained CTI's endorsement for its endeavors relating to transparency, namely, product-related environmental regulations as potential trade barriers.

### 2005 Priorities

The SCSC will continue to advocate the need for cooperation in the international standardization process. It will support the Committee on Trade and Investment's broader priorities for 2005 with an aim to further promote trade and investment facilitation and liberalization.

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/committee\\_on\\_trade/sub-committee\\_on\\_standards.html](http://www.apec.org/apec/apec_groups/committees/committee_on_trade/sub-committee_on_standards.html)

## x. Strengthening Economic Legal Infrastructure

### Purpose

The Strengthening Economic Legal Infrastructure (SELI) Coordinating Group encourages continuing regulatory and institutional reform, particularly in building the capacity and skills of individuals in the area of economic legal infrastructure, including regulatory and institutional reforms, and corporate governance. It also works to improve the capacity of legal institutions and government agencies in applying and enforcing rules on corporations and competition.

### Key Developments

- A number of training programs and seminars on competition laws, policies and enforcement issues were organized around the APEC region with experts and officials discussing and exchanging views.
- A presentation on a “Study on Debt Collection Litigation Arbitration in APEC Economies” was delivered to enhance communication with business.
- The Group progressed awareness-raising and capacity building projects by preparing reports of each economy’s progress on strengthening economic legal infrastructure.
- Twelve economies submitted SELI reports, which will also be used to promote business outreach.

### 2005 Priorities

The SELI Coordinating Group will continue discussions on projects and measures for strengthening economic legal infrastructure in areas such as capacity and institutional building, competition policy and corporate law. The work program for 2005 will include awareness and advocacy raising projects, through the use of seminars and SELI reporting.

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/committee\\_on\\_trade/strengthening\\_economic.html](http://www.apec.org/apec/apec_groups/committees/committee_on_trade/strengthening_economic.html)

## xi. Tariff and Non-Tariff Measures

### Purpose

The Market Access Group (MAG), which reports to the Committee on Trade and Investment, coordinates and undertakes APEC’s work on tariff reduction and the scaling down of non-tariff measures (NTMs). This includes developing collective action plans (CAP) and collating work on NTMs to eliminate barriers to trade.

### Key Outcomes

Specific 2004 deliverables include:

- implementation of the area-specific Transparency Standards on Market Access;

- finalization of a list of IT products—multi-chip integrated circuits, digital multifunction machines and modems—to be proposed to the WTO for possible tariff elimination, and
- delivery of a trade negotiations training course for developing economies.

A MAG Trade Policy Dialogue on Market Access Impediments to Trade faced by small and medium enterprises was held at MAG16 in February, in Santiago, Chile. The dialogue identified some of the unique trade barriers faced by small and medium enterprises. Amongst other experts, the Small and Medium Enterprises Working Group Lead Shepherd participated in the Policy Dialogue.

APEC Business Advisory Council (ABAC) representatives were invited to regularly attend MAG meetings in order to better coordinate views of the

public and private sectors. MAG members also suggested including private sector concerns into its future capacity building projects.

### 2005 Priorities

In an effort to attract more market access experts, MAG will reform its operations and hold its meetings in conjunction with seminars and workshops on key tariff and NTMs issues. As a component of the reform, MAG will undertake a review of its existing CAPs with a view to removing obsolete CAPs and identifying new collective actions.

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/committee\\_on\\_trade/market\\_access\\_group.html](http://www.apec.org/apec/apec_groups/committees/committee_on_trade/market_access_group.html)



## xii. WTO Capacity Building

### Purpose

The WTO Capacity Building Group (WCBG) supports APEC efforts to implement the Uruguay Round trade liberalization outcomes. The WCBG coordinates and facilitates WTO-related capacity and confidence-building activities to enhance members' ability to participate in WTO negotiations and to fulfill their WTO commitments. Currently, the WCBG is working to promote opportunities for training and exchanges of views on pressing issues relating to the Doha Development Agenda (DDA).

### Latest Developments

In 2004, the WCBG organized a number of WTO capacity building projects on the environmental assessment of trade negotiation, and on trade facilitation in a WTO context. The WCBG also approved a project for an APEC roundtable on trade facilitation in Geneva.

The WCBG convened the "APEC Workshop on Best Practices in WTO Capacity Building." The workshop focused on capacity building needs from both the donor and recipient perspective and identified best practices, as well as specific challenges in capacity building. It produced actionable recommendations for APEC's future activities, in particular, additional work on multi-stakeholder consultations.

### 2005 Priorities

The WCBG will evaluate the outcomes of the workshop on "Best Practices in WTO Capacity Building" and develop new project proposals in the area of trade and investment facilitation. The WCBG will continue APEC's work in support of the DDA and seek collaboration from international organizations to assist in the delivery of WTO capacity and confidence building activities.

The Group will also monitor implementation of existing projects, among them the Sub-Committee on Customs Procedures program to improve implementation of customs-related WTO agreement, and the APEC seminar on WTO Trade facilitation.

### Doha Development Agenda

*The Doha Development Agenda (DDA) is a declaration that was adopted at the 4th WTO Ministerial Conference held in Doha, Qatar, in November 2001.*

*The declaration provided for a new global round of multilateral trade negotiations aimed at liberalizing trade across a broad spectrum. The DDA also provides that the negotiations should pay particular attention to the needs of developing countries.*

*Trade is a key engine of economic growth and improved welfare, and greater integration of all countries in the world economy can contribute to enhancing development and lifting populations out of poverty.*



## Economic Committee

### Purpose

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

The Committee focuses on pressing economic issues for APEC Economic Leaders and Ministers, as well as other APEC groups. Its high-quality research provides the analytical rationale for advancing APEC's agenda.

The EC has also been mandated to coordinate APEC's work on structural reform while maintaining its analytical function.

### Key Developments

The EC published the following seminal research studies as part of its 2004 Work Program:

- *2004 APEC Economic Outlook*, including Regional Outlook and Prospects, and RTAs/FTAs in the APEC region.
- *Trade Facilitation and Trade Liberalization: from Shanghai to Bogor* presents a methodology to translate trade facilitation metrics into financial terms.
- *Realizing Innovation and Human Capital Potential in APEC* addresses the rise of the new knowledge-based economy.

### 2005 Priorities

In addition to coordinating work on APEC's structural reform, the EC will continue with its ongoing research projects, which include the following:

- 2005 APEC Economic Outlook, with "The Economic Impact of Counter-Terrorism in the APEC Region" as the theme for the structural chapter,
- "Patterns and Prospects of Technological Progress in the APEC Region" under the New Economy/KBE agenda, and
- "The Impact of APEC Investment Liberalization and Facilitation" under the TILF agenda.

Other possible research areas include a follow-up study on FTAs/RTAs, and a study on e-commerce.

### Structural Reform

*The promotion and strengthening of structural reform in APEC economies are essential prerequisites for achieving sustainable economic growth and development. Appropriate structural reform removes economic impediments and improves the functioning of markets. The resulting gains in economic efficiency and competitiveness will raise living standards and help APEC Member Economies achieve their full economic potential. Reforms establishing transparent and impartial regulatory frameworks will also boost business and investor confidence in an environment of global economic uncertainty.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/economic\\_committee.html](http://www.apec.org/apec/apec_groups/committees/economic_committee.html)



## SOM Committee on Economic and Technical Cooperation (ESC)

### Purpose

The SOM Committee on Economic and Technical Cooperation (ESC) helps Senior Officials coordinate and manage APEC's wide-ranging economic and technical cooperation (ECOTECH) agenda. It also identifies new initiatives for collaboration by APEC member economies.

### Key Developments

In 2004, the ESC helped SOM monitor and coordinate 121 ECOTECH-related projects implemented by APEC working groups and fora. Approximately half of these initiatives concentrated on building human capital. A renewed focus within APEC on Small and Medium Enterprises (SMEs) has also led to a resurgence of ECOTECH projects in support of SMEs.

APEC has identified sustainable development as a crosscutting issue and established a Small Group on Sustainable Development within the ESC to identify areas where APEC can add value to future activities. This will culminate in a High-Level Meeting on Sustainable Development sometime in 2005-2006. Sustainable development calls for the "integration of economy and environment" in all sectors and at all levels and seeks to "reconcile the objectives of economic growth and efficiency with improved environmental outcomes."

### 2005 Priorities

A fully functioning APEC Project Database to enhance transparency in the administration and implementation of APEC projects will be made available in 2005.

The ability to communicate across language barriers is essential to international trade and to building mutual understanding among interconnected global economies. ECOTECH, with the support of all relevant fora, will establish a Strategic Action Plan for English and other Languages in the APEC Region.



### ECOTECH Priorities

*The work of the SOM Committee on Economic and Technical Cooperation is guided by the following ECOTECH priorities:*

- developing human capital;
- developing stable, safe and efficient capital markets;
- strengthening economic infrastructure;
- harnessing technologies for the future;
- safeguarding the quality of life through environmentally sound growth;
- developing and strengthening the dynamism of small and medium enterprises;
- integration into the global economy;
- counter-terrorism capacity building;
- promoting the development of knowledge-based economies, and
- addressing the social dimension of globalization.



### Rural Distance Learning Training Program

*To strengthen APEC's work in ECOTECH, discussions have been held with International Financial Institutions (IFIs) to identify areas for cooperation. As a result, APEC and the World Bank's Global Development Learning Network agreed to conduct a series of pilot projects.*

*One of which is the Rural Distance Learning Training Program conducted in February 2005. The course addressed issues on implementing technologies and approaches to regional distance learning in developing economies.*

*ECOTECH will continue to expand its relationships with IFIs. The Second APEC/IFIs Roundtable Dialogue on ECOTECH, to be held in Korea in 2005, will focus on the areas of SMEs and education.*

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/committees/som\\_committee\\_on\\_economic](http://www.apec.org/apec/apec_groups/committees/som_committee_on_economic)



### Gender and Globalization in Agriculture

APEC's trade and investment liberalization efforts have supported robust regional growth and development. Higher economic growth has, in turn, made possible the increased participation of women in all facets of the economic life in the region. However, the positive outcomes have not been evenly spread across all economic sectors. Much remains to be done to ensure that women fully share in the benefits of globalization, and in particular, that rural women and women working in agriculture and traditional industries enjoy the improvements in living standards that follow from comprehensive liberalization policies.

A policy study titled *APEC Study on Globalization, Gender and Agriculture* was proposed by Viet Nam under the auspices of the ATCWG. It considered the impacts of globalization on women in agriculture in two developing Member Economies, Viet Nam and Thailand. The overall objective was to increase understanding of the opportunities and constraints women face in the context of globalization, specifically with respect to agriculture and rural development, and to develop recommendations for APEC economies.

### Agricultural Biosecurity

APEC Member Economies have agreed to strengthen biosecurity planning and upgrade surveillance capacity in the agricultural sector. The ATCWG will develop the new measures through a series of regional workshops on biosecurity planning and surveillance for plant pests.

The damage inflicted upon the poultry industry by the outbreak of Avian Influenza demonstrated the critical need for increased biosecurity planning and surveillance capacity. Enhancing the

## Working Groups

### i. Agricultural Technical Cooperation

#### Purpose

The Agricultural Technical Cooperation Working Group (ATCWG) aims to improve the economic development and social welfare of Member Economies by cultivating agricultural cooperation and capacity building, particularly in the areas of production, marketing, processing and distribution of agricultural products.

#### Key Developments

A number of ATCWG seminars and workshops were conducted in 2004. Among them:

- Conservation and Utilization of Plant and Animal Genetic Resources,
- Research, Development and Extension of Agricultural Biotechnology,
- Agricultural Technology Transfer and Training,
- Strengthening Cooperation in Post-Harvest Technology, and
- Cooperative Development of an Agricultural Finance System.

Activities under the Plant and Animal Quarantine and Pest Management sub-group include:

- extending the capacity of developing economies to build specimen-based pest lists to ensure effective pest management strategies,
- building capacity to undertake pest risk analysis in support of market access negotiations,

- addressing the trade risks from Alien Invasive Species, and
- training regional scientists to design, develop and produce multimedia diagnostic keys for plant pest identification in ASEAN.

The APEC Regional Study on Gender and Globalization in Agriculture was completed. The report presents the impacts of globalization on gender in agriculture in two APEC member economies: Thailand and Viet Nam.

The ATCWG contributes to APEC's trade facilitation agenda by reducing business transaction costs and enhancing food safety. The Group works closely with the Electronic Commerce Steering Group to implement E-CERT—a web-based system for electronic health certification of agricultural exports.

capacity of economies to respond to outbreaks of disease will have very significant economic benefits for the region.

The agricultural sector must be prepared for worst-case scenarios in order to protect crops and wildlife. The new biosecurity planning and surveillance capacity measures are intended to ensure the agricultural sector can attempt to avert disasters and recover quickly after any threat has passed.



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/working\\_groups/agricultural\\_technical.html](http://www.apec.org/apec/apec_groups/working_groups/agricultural_technical.html)

## 2005 Priorities

The ATCWG will continue to highlight the importance of sustainable agriculture for APEC Member Economies. 2005 activities will include:

- A workshop to exchange technical information and views on biomass utilization in Tokyo and Tsukuba, Japan,
- A workshop on International Standards for Plant and Animal Health will be held in Colorado, and
- The 9th Workshop on Research Development and Extension of Agricultural Biotechnology will be held in Chile.

## ii. Energy

### Purpose

The Energy Working Group (EWG) seeks to maximize the energy sector's contribution to the region's economic and social well being, while mitigating the environmental effects of energy supply and use.

Facing the challenges of short-term energy supply disruptions and ever increasing long-term demand, the EWG works to ensure energy security in the region. 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.

The EWG is assisted in its work by five Expert Groups, which concentrate on particular aspects of the EWG's agenda, corresponding directly to EWG's five strategic objectives:

- strengthening the security and reliability of affordable energy to all within the APEC community,
- promotion of clean and efficient technologies, and the efficient use of energy to achieve both economic gains and environmental enhancement,
- achieving environmental improvement of energy production, use and mineral extraction within the APEC community,
- improving the analytical, technical, operational and policy capacity within member economies, and
- facilitating a diverse and efficient supply mix.

Inputs from the EWG Business Network, the business arm of the EWG, provide the impetus to progress this working group towards Bogor Goals.

### Key Developments

Responding to energy security challenges and record-high oil prices, APEC Economic Leaders instructed the EWG to "accelerate the implementation of the Energy Security Initiative (ESI) by endorsing its Implementation Plan and, as appropriate, a new Action Plan to enhance regional and global energy security." The ESI is a comprehensive strategy developed by the EWG that is made up of measures to respond to temporary supply disruptions and longer-term policy responses to address the broader challenges facing the region's energy supply.

### 2005 Priorities

APEC Energy Ministers concluded their annual meeting by releasing a declaration that directed the EWG to implement a work program that includes measures to:

- prepare for energy supply disruptions;
- facilitate energy investment,
- use energy more efficiently,
- expand energy choice, and
- capitalize on technological innovation.

Members of the EWG usually meet twice a year. The next meeting will be in March, in Hanoi, Viet Nam.

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/working\\_groups/energy.html](http://www.apec.org/apec/apec_groups/working_groups/energy.html)

### iii. Fisheries

#### Purpose

The Fisheries Working Group (FWG) is concerned with regional fisheries management: the improvement of resource conservation and sustainability, food safety and sector specific trade liberalization and facilitation.

#### Key Developments

Regional capacity building to reduce and eliminate illegal, unreported and unregulated (IUU) fishing continues to be a priority for the FWG and in 2004, APEC members reported the status of their National Plan of Action for IUU fishing.

The FWG has also directed its attention to Aquaculture Food Safety Standards and Ecolabelling. Many commercial producers of seafood products and some governments are facing growing consumer pressure to provide more information about the country of origin of fish products and the production sustainability of the areas from which they come. Members of FWG recognize that crucial Ecolabelling must be transparent and based on the best scientific evidence.

#### 2005 Priorities

The FWG will continue to focus on sustainable fishing and develop new projects, which it will undertake, as appropriate, in cooperation with other organizations.



#### Illegal, Unreported and Unregulated Fishing

*As part of the 1995 Food and Agriculture Organization (FAO) Code of Conduct for Responsible Fisheries, the FAO approved an international plan to prevent, deter and eliminate illegal, unreported and unregulated fishing (IUU).*

*IUU fishing undermines efforts to conserve and manage fish stocks. The inevitable consequence is a loss of short- and long-term social and economic opportunities. It also has a negative impact on food security and environmental protection. Most economies are currently developing an IUU National Plan of Action. Priority activities fall under compliance issues and coordination based on national inspection systems, standards and other requirements aimed at improved seafood inspection regimes.*

#### Aquacultural Diversity

*The Pacific Ocean accounts for about 50% of the world's harvest, consumption and exports of fish and fish products. Aquaculture output in the region accounts for about 75% of the world's total production and is playing an increasingly important role in trade and economic development in the region.*

*Fishing is one of the major economic activities in the Asia-Pacific region. In many economies it forms a significant part of the economic base, and in some of the smaller Pacific Island states it provides the only realistic opportunity for their future economic growth and prosperity.*

*Marine living resources of the world's oceans, including some in the Pacific, have suffered from overexploitation and have not always been rationally utilized to ensure sustainable economic development.*

*Close cooperation is needed, particularly in the exchange of scientific and research data, in order to ensure that management decisions are based on the best scientific information available. Such cooperation among APEC members will help to promote long-term optimum economic utilization, based on sustainable management practices. In this way a sound basis will be provided for improvements in intra-Pacific regional trade.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/working\\_groups/fisheries.html](http://www.apec.org/apec/apec_groups/working_groups/fisheries.html)



#### iv. Human Resources Development

##### Purpose

The Human Resources Development Working Group (HRDWG) conducts work programs on issues ranging from education to labor to capacity building through its three networks: Capacity Building Network, Education Network and Labor and Social Protection Network. The HRDWG has developed eight priority areas which are broadly categorized in the three clusters of Human Capacity Building, Education and Labor and Social Protection .

Complementing the HRDWG's work, APEC Member Economies take turns to organize the APEC Youth Camp and the Youth Festival or Voices of the Future for APEC.

##### Key Developments

Human resource development is multifaceted and covers crosscutting issues relating to the activities of many APEC fora. The key task for the HRDWG in 2004 was to undertake a comprehensive review of its future work program to better coordinate its human capacity building activities with the various APEC fora in order to avoid duplicating efforts and to achieve cost-effective results.

##### APEC International Youth Camp

*Over 200 students from around the Asia-Pacific attended the 2004 APEC International Youth Camp in Chinese Taipei. Under the theme of "Youth Entrepreneurship" the camp's aim was to promote international exchanges and cooperation, facilitate cross-cultural friendships and enhance the competitive abilities of the youth as global citizens. Activities at the camp emphasized adventure, passion, entrepreneurship and community development.*

*APEC recognizes the need to enhance youth entrepreneurship through special education, and the creation of programs to facilitate the start-up and operation of youth-owned and managed businesses. In their annual statement, APEC Leaders encouraged more youth activities to strengthen mutual understanding and cooperation in the region.*



Other developments include:

- increased cooperation between the HRDWG and the Social Safety Nets Capacity Building Network,
- two events were held in conjunction with the 26th HRDWG meeting in May in Jeju Island, Korea: a thematic dialogue, "Lifelong Learning for Job Creation," and the "APEC Symposium on SME's Training Consortium," and
- Chinese Taipei hosted the 2004 International Youth Camp under the theme "Youth Entrepreneurship."

##### 2005 Priorities

The HRDWG will continue to give priority to youth activities. Korea will host the 2005 Youth Festival in Seoul, in August, and organize the 2005 International Youth Camp.

The 27th HRDWG Meeting will be held in Thailand in June 2005.

## v. Industrial Science and Technology

### Purpose

The Industrial Science and Technology Working Group (ISTWG) is the main APEC forum responsible for promoting science and technology activities. ISTWG meets twice a year to discuss issues that have a regional relevance and it also considers ways of advancing the interests of science and technology throughout the APEC region.

### Key Developments

Five projects seeking 2005 APEC Operational Account funding and two projects for TILF funding were approved at the 26th ISTWG in March 2004. The main focus in 2004 was on the policy preparation for the 4th APEC Ministers' Meeting on Regional Science and Technology Cooperation, held in Christchurch, New Zealand, later in March.

Ministers instructed the ISTWG to include in its work program coordination of its activities with other APEC working groups where appropriate. Other issues for inclusion in the work programme are:

- Human Capacity Building,
- International Science & Technology Networks,
- Connecting Research and Innovation, and
- Strengthening Technological Cooperation and Encouraging Best Practice in Strategic Planning, and Sustainability.

The Working Group will select one or two activities in each priority area as a starting point. An Ad Hoc Task Force was formed to address the issue of sustainability, as it is a crosscutting issue that should be addressed in each of the four sub-groups, and there may be a broader APEC-wide role for ISTWG in this area.

At the 27th ISTWG meeting in September 2004, four new corresponding sub-groups reflecting the four new policy issues were created. The newly established APEC Ad Hoc Health Task Force has taken over health issues.

### 2005 Priorities

Going forward, Ministers have instructed the ISTWG to base its future program of activities on the four key policy issues, coordinating its efforts with other APEC working groups where that would lead to a more effective and cohesive program of work. ISTWG should focus on measures that can be adopted by governments and areas where collaboration among economies can help address both individual and regional priorities.

The next meeting of the ISTWG will be in March, in Gwangju, Korea.



## vi. Marine Resource Conservation

### Purpose

The Marine Resource Conservation Working Group (MRCWG) works to protect the marine environment and its resources for the enduring benefit of APEC members. Its main task is the implementation of the Action Plan on Sustainability of the Marine Environment. MRCWG is also involved in outreach, research and education.

### Key Developments

In 2004, the MRCWG finalized a new strategic framework, which will help the Group better respond to APEC initiatives. The 3rd Integrated Oceans Management Forum (IOM) took place October 2004, on Easter Island, Chile. The outcomes of this meeting will also provide direction for the future work of the MRCWG.

The IOM addresses the challenges and opportunities faced by regional institutions and alliances, opinion leaders and business interests surrounding the integration of oceans and coastal activities across Asia-Pacific.

The APEC Action Plan for Sustainability of the Marine Environment relies on significant participation from the business and private sectors to meet its objectives. The MRCWG will continue to actively seek the involvement of the business and private sectors and will work to engage SMEs.

### 2005 Priorities

The adoption of the new strategic framework will strengthen the policy focus of the MRCWG and provide the foundations for its future role. The MRCWG will continue to implement the Seoul Oceans Declaration, cooperating with regional affiliates and organizations to ensure their commitment to the APEC Action Plan for the Sustainability of the Marine Environment and the Seoul Oceans Declaration goals.

The Strategic Approach for APEC Regional Oceans and Coasts project has entered its third phase. In Phase 1, APEC economies determined the challenges they face in integrating oceans and coastal activities. Phase 2 saw the involvement of APEC Working Groups and committees. The current phase seeks to engage regional institutions and alliances, regional opinion leaders and business interests.

The outcome of this project will be the development of a Strategic Approach for APEC Regional Oceans and Coasts, which will be undertaken in cooperation with APEC Senior Officials during 2005.

### Seoul Oceans Declaration

*The Seoul Oceans Declaration (SOD) resulted from the Ocean-related Ministerial Meeting in 2002. It is a policy cornerstone and addresses the critical issues of implementing ecosystem-based management of marine resources and expanding global ocean and climate observation systems. Some of SOD's key resolutions are:*

- *To develop and promote, in an integrated manner, better coastal and oceans management using an ecosystem-based approach, including sub-regional seas, river basins and watersheds adjacent to coastal areas,*
- *To improve and strengthen market-based instruments, regulations and enforcement mechanisms for the sustainable management of marine resources,*
- *To facilitate the adoption and implementation of international instruments relating to maritime safety, marine pollution, compensation and liability for environmental damage from ships, and the use of harmful anti-fouling paints,*
- *To eliminate IUU fishing activities from the APEC region, and*
- *To raise efforts to sustainably manage tourism activities that affect, or could potentially affect, marine and coastal environments.*





## vii. Small and Medium Enterprises

### Purpose

The Small and Medium Enterprises Working Group (SMEWG) provides a forum for APEC Member Economies to share their experiences and discuss issues relating to the development of SMEs in the region. It is a touchstone for the many other APEC fora that include SMEs in their core constituency. Working closely with the private sector, the Group's overriding objective is to create a SME-friendly business environment, and in doing so to foster growth and innovation among SMEs. The SMEWG lays the groundwork for the Annual SME Ministerial Meeting.

### Key Developments

In 2004, the SMEWG reviewed the impact of financial instability on SMEs and the effects of e-commerce on emerging enterprises. Specific areas were identified where public intervention and the development of policies to promote entrepreneurship may be particularly useful.

A series of recommendations and actions have been noted in each of four areas:

- developing human capital,
- access to funding,
- removing barriers to new business creation, and
- innovation and technology.

The SMEWG identified market barriers facing SMEs and devised strategies to improve their access to international markets. In cooperation with the OECD and export facilitation agencies, the Group is developing a SME Impediments Identification and Monitoring System, which aims to highlight specific incidences of impediments to SME trade.

### 2005 Priorities

The APEC SME Coordination Framework, which was finalized in 2004, will be implemented to enhance cooperation on SME issues across APEC. It is aimed at strengthening coordination between the SMEWG and other working groups/fora through the APEC contact points in each economy.

The SMEWG will continue to focus on policy-related issues and long-term strategic plans and activities in which financial regulators and policymakers have a strong say. The 2005 work plan on SMEs will concentrate on "Promoting Innovation of SMEs," reflecting recent discussions within APEC on entrepreneurship.

Innovation may be the only practical strategy for SMEs to deal with the challenges of fierce competition and globalization. Consequently, the work plan will review the issues that shape a favorable environment for innovation:

- human resources improvement and technology development through industry and academia linkage,
- enhancing the availability of capital to innovative SMEs, and
- networking and clustering for innovative SMEs.

Human resources, technology and capital are the main drivers that enable SME innovation. Linkages between industry and academia also promote advancement. SME networking and clustering within and across borders will generate synergies and create opportunities while reducing the level of risk.

SMEs are structurally important to the APEC economy because they:



make up over **98%** of all enterprises



provide over **60%** of the private sector jobs  
(and over 30% of total employment)



generate about **50%** of sales or value added



generate about **30%** of direct exports



generate about **10%** of FDI by value,  
and over **50%** by cases

The average SME in APEC employs about 6 or 7 people.

- 75% of enterprises are micro enterprises, employing less than 5 people. These micro enterprises provide about 30% of private sector jobs.
- Medium-sized enterprises, which employ between 20 and 99 people make up only 4% of enterprises, but employ about 20% of the private sector workforce.
- There were about 49 million SMEs in APEC in 2000, up from about 39 million in 1990

Source: Profile of SMEs and SME Issues, APEC, 1990-2000, ISBN 981-04-7990-5

#### Micro-Enterprises Sub Group

In 2002, APEC Ministers responsible for Small and Medium Enterprises agreed to establish a Micro-Enterprise Sub Group (MESG), to address the unique needs and characteristics of micro-enterprises and in recognition of their potential to generate income, creating jobs and reducing unemployment in a way which counters the structural fallout of globalization and increased competition.

Following the guidelines in the Micro-Enterprise Development Action Plan, approved by ministers in Chiang Mai, Thailand, the MESG is compiling data and information on best practices available on Micro-Enterprise (ME) supporting institutions in APEC economies; policies and regulatory frameworks; access to financial services, including international financial institutions and other international organizations; environmental management issues, and the participation of women in MEs, working together with the Women Leaders' Network.



### *viii. Telecommunications and Information*

#### **Purpose**

The Telecommunications and Information Working Group (TEL) aims to improve telecommunications and information infrastructure in the Asia-Pacific region by developing and implementing appropriate telecommunications and information policies, including relevant human resource and development cooperation strategies. This is reflected in the TEL's expanded vision of promoting the transition from an Asia Pacific Information Infrastructure into the Asia Pacific Information Society.

The TEL's work contributes to the overall APEC goals of trade facilitation, investment liberalization and economic/technical cooperation. Its priorities are set by both Telecommunications and Information Ministers and Leaders and currently focus on:

- reducing the digital divide,
- next generation networks and technologies,
- e-government,
- mutual recognition arrangements,
- regulatory reform,
- capacity building,
- protecting information and
- communications infrastructure and cybersecurity.

The private sector is intimately involved in TEL activities; many projects are initiated and driven solely by the private sector or in cooperation with the public sector.

#### **Key Developments**

Members of TEL have been working towards implementing open trade and investment opportunities in the region as evidenced by a Stocktake of Progress Towards the Key Elements of a Fully Liberalized Telecommunications Sector in the APEC Region, completed in 2004. The report revealed that economies are successfully working towards reducing telecommunications trade barriers, resulting in increased accessibility and the long-term affordability of telecommunications access in the region, particularly for people in developing countries.

The TEL continues to:

- assist developing economies reform their policy and regulatory structures and become WTO compliant,
- implement the Digital Divide Blueprint for Action and other initiatives that encourage greater access to basic communications and build-out of the internet, so as to promote greater broadband accessibility, availability and use,
- develop a collaborative approach to cybersecurity (such as providing cybercrime legislation and enforcement capacity building opportunities), and
- work towards creating sustainable markets through both convergent and new technologies.

An example of a successful reduction in trade barriers is the mutual recognition arrangement (MRA) for conformity assessment of telecommunications equipment. Fifteen out of 21 economies have committed to Phase 1 (Mutual Recognition of Test Reports), and five economies have committed to Phase 2 (Mutual Recognition of Equipment Certification).

#### **2005 Priorities**

Members of the TEL will continue to strive towards creating free and open trade and investment opportunities in the region through its bi-annual meetings, inter-sessional work, collaboration with other APEC fora and the 6th APEC Telecommunications and Information Ministers meeting.

The TEL's priorities include:

- reinvigorating WTO negotiations,
- expediting the trade of telecom equipment through the development of a new MRA on the technical requirements of telecom equipment,
- developing technology-neutral, pragmatic approaches to encourage greater access,
- creating a safe communications environment for governments and citizens,
- promoting the compliance of WTO implementation,
- combating SPAM, and
- developing strong policy and regulatory reforms around convergence and new technologies.

TEL is also strengthening cooperation with other international fora, including the formulation of APEC's input to the World Summit on the Information Society, and thematic cooperation with International Telecommunication Union and the Organization for Economic Cooperation and Development.

### The APEC Cybersecurity Strategy

*TEL members have combined their efforts to combat threats under the APEC Cybersecurity Strategy, which includes a package of measures to protect business and consumers from cybercrime, and to strengthen consumer trust in the use of e-commerce. One notable initiative is the development of key public infrastructure guidelines to facilitate cross-jurisdictional e-commerce.*

*Economies are currently implementing and enacting cybersecurity laws, consistent with the UN General Assembly Resolution 55/63 (2000) and the Convention on Cybercrime (2001). The TEL Cybercrime Legislation initiative and Enforcement Capacity Building Project will support institutions implement new laws.*

*Economies are also working together to implement Computer Emergency Response Teams (CERTs) as an early warning defense system against cyber attacks. Training is being provided to a number of economies, and guidelines have been developed for establishing and operating CERTs. The protection of small and medium enterprises is a priority under this strategy. Practical tools to protecting small businesses—as well as home users—from attacks and spreading viruses, have been developed, including advice on how to use the internet securely, safety issues relating to wireless technologies and safe e-mail exchanges.*

*Work on reducing the criminal misuse of information will continue to be a priority for the TEL and will focus on the importance of sharing information; developing procedures and mutual assistance laws, and other measures to protect business and citizens.*



### Next Generation Networks

*"Next generation networks" (NGN) is a catchall phrase for the infrastructure that will enable the advanced new services to be offered by mobile and fixed network operators, while continuing to support all of today's existing services. To achieve seamless services at a global level, APEC TEL actively engages the private sector to identify new technologies and issues.*

*The TEL will continue to promote discussion on NGN and the development of the Asia Pacific Information Society. The TEL has already made invaluable contributions to this goal, including its initiatives in e-commerce, e-government, e-security, disaster preparation, on-line learning and skills standards development.*

## ix. Tourism

### Purpose

In recognition of Tourism's increasing importance in promoting economic growth and social development in the Asia-Pacific region, APEC's Tourism Working Group (TWG) was established in 1991. Sustainable tourism is a key economic driver for the Asia-Pacific region, creating jobs and promoting investment and development.

### Key Developments

In 2004, TWG implemented Stage 2 of the APEC project on Tourism Impediments, an initiative that assists Member Economies to identify and prioritize obstacles to tourism and develop measures to remove or reduce these roadblocks. The project also aims to facilitate the mobility of skills, improve training and upgrade labor skills as well as encourage more productive investment in tourism and associated sectors.

A set of e-commerce best practices, as they apply to the small and medium tourism enterprises (SMTE) sector, is being developed. This endeavour will increase the exchange of know-how and practical information among APEC Member Economies. Also under consideration is a tourism policy for e-commerce in the SMTE sector.

The Patagonia Declaration on Tourism in the APEC region raised key issues in mapping the future work of the TWG, including measuring sustainability, safety and security and projects to expand niche product development, i.e., sports and health tourism.

The TWG spearheaded and completed a special report entitled "Best Practices in Safety and Security to Safeguard Tourism against Terrorism: A Tourism Crises Leadership Guide."

### 2005 Priorities

The TWG will continue to improve industry standards with programs on skills development and best practices. A strategic review will get underway in 2005 to identify the challenges facing regional tourism in the coming years. This will be presented for consideration at the 4th Tourism Ministerial Meeting in 2006.

### APEC Tourism Charter

*The APEC Tourism Charter reflects a collective commitment to improve the economic, cultural, social and environmental well being of APEC Member Economies through tourism.*

*The Charter recognizes the significant contribution tourism makes to APEC economies. It establishes four key policy goals and an agreed process for realizing these aims:*

- *removal of impediments to tourism business and investment,*
- *increase mobility of visitors and demand for tourism goods and services,*
- *sustainable management of tourism outcomes and impacts, and*
- *enhance recognition and understanding of tourism as a vehicle for economic and social development.*



## According to the World Travel and Tourism Council (WTTTC) tourism and travel in the APEC region currently account for:

- more than 100 million employed,
- by 2010 employment in travel and tourism in the APEC region will increase by more than one quarter creating an additional 30 million new jobs,
- over US\$2 trillion in travel and tourism-related demand,
- approximately US\$400 billion in export earnings,
- export earnings will increase by almost two thirds by 2010,
- total tourism and travel demand in 2010 is expected to exceed US\$3 trillion,
- tourism within the APEC region accounts for one quarter of world international visitor arrivals and more than one third of global international visitor expenditure, and
- more than three quarters of international visitor arrivals in the APEC region are generated intra-regionally, by APEC economies themselves.

### A Tourism Crises Leadership Guide

*In 2003, Malaysia was tasked with preparing a research study on “Best Practices in Safety and Security to Safeguard Tourism against Terrorism: A Tourism Crises Leadership Guide.”*

*The report was completed in 2004, and includes a comprehensive compilation of safety and security programs for all APEC Economies to achieve the following objectives:*

- *encourage regional collaboration and cooperation on anti-terrorism safety and security to protect the tourism industry,*
- *give tourism planners vital intelligence on terrorists, their motivations, their activities, their favorite targets and preferred modes of attacks in order to formulate effective safety and security programs,*
- *review safety and security initiatives already enforced within APEC, with special reference to their suitability for implementation by all APEC economies,*
- *determine optimal approaches to managing crises arising out of terrorist incidents; and*
- *encourage and inculcate a culture of safety and security in all APEC economies to safeguard and boost the growth and expansion of the tourism sector.*

*APEC measures to confront the threat of terrorism to tourism include the establishment of a Counter-Terrorism Task Force, the Secure Trade in APEC Region (STAR) initiative, counter-terrorism action planning and security enhancements such as Advanced Passenger Information, Regional Alert Immigration System and Aviation Security Audit.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/working\\_groups/tourism.html](http://www.apec.org/apec/apec_groups/working_groups/tourism.html)



## x. Trade Promotion

### Purpose

The Working Group on Trade Promotion (WGTP) encourage the generation of trade flows and facilitates trade throughout the APEC region by organizing seminars, training courses, trade fairs and information networking. By taking part in these programs APEC economies build a better understanding of how trade can occur more efficiently and effectively. The WGTP also facilitates cooperation between the private sector and public agencies, including trade promotion organizations (TPOs).

### Key Developments

Australia is spearheading a "Senior Executives Coaching for TPOs' Program." The TPOs of Australia, Canada and Japan will continue to provide Chile, China, Mexico, Peru and the Philippines with seminars on best practices and business briefings.

China has completed an important security-related initiative, "APEC Seminar on Credit Management and Security Practices in International Business." The project's objective is to improve members' understanding of the receivables market and guarantee practices in trade finance. It also aims to accelerate the development of the receivables markets by providing more payment options to traders. This will be relevant to APEC's developing economies.

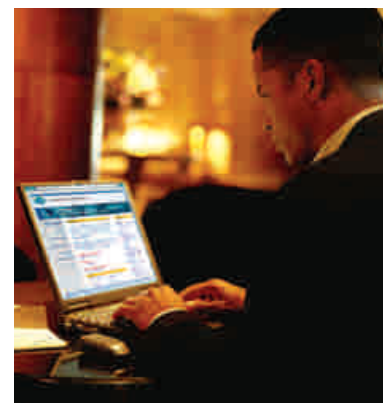
Indonesia is preparing a seminar on "Enhancing Virtual Exhibition for Trade Promotion." The direct beneficiaries of this project are TPO officials and business sector employees involved in strategic planning and marketing activities in member economies. The outcomes will help formulate trade promotion strategies related to virtual exhibition.

The WGTP website, APECNet, has been revamped. APECNet provides coordinated business-matching services to business communities and other information.

A report on Promoting Indirect Exports through Suppliers Development has been finalized. The project aims to expand trade and investment contacts and opportunities as well as promote the exchange of information on the electronic and automotive sectors.

### 2005 Priorities

The WGTP will continue to develop, support and facilitate intra-regional trade in goods and services by actively encouraging the participation of the private sector and TPOs in the Group's activities. It will also continue to improve trade promotion activities through the sharing of information on, and knowledge of, trade development activities and techniques.



### APECNet

*The APECNet website was launched in 1997 and revamped in 2004. It integrates APEC member economies' trade promotion organizations to provide coordinated business-matching services, as well as information on the WGTP and its activities. APECNet allows the private sector to search for business opportunities by posting inquiries and through hyperlinks to relevant websites of member economies. <http://www.apecnet.org.sg/>*



## xi. Transportation

### Purpose

A seamless and safe transportation system facilitates cross-border trade and provides basic services throughout any society. APEC's goals are best pursued with due consideration given to intra-APEC and specific transportation issues. Thus, the Transportation Working Group (TPTWG) has a key role to play in ensuring the advancement of APEC objectives and priorities.

### Key Developments

In 2004, the TPTWG focused on initiatives such as Secure Trade in the APEC Region (STAR) and continued exploring opportunities to contribute to the Multilateral Agreement on the Liberalization of International Air Transportation.

Other issues on the TPTWG agenda include a review of progress on implementation of APEC's eight steps for more competitive air services, assessing options for the liberalization of maritime services and addressing road safety in Asia Pacific.

The International Ship and Port Security (ISPS) Code was implemented in July 2004, and a Special Task Force was established to assist APEC Member Economies comply with the ISPS Code to meet the new requirements for secure maritime trade.

### 2005 Priorities

New directions and priorities for the next two years were identified at the 4th Transportation Ministerial Meeting, held in July 2004, in Bali, Indonesia. The TPTWG will continue to address challenges to the transportation sector. Key focal points, among others, will include:

- improving transport safety,
- implementing counter terrorism initiatives to curb the terrorist threat against all modes of transportation, and
- cooperation with international organizations such as the International Civil Aviation Organization and the International Maritime Organization.

The Global Navigation Satellite Systems Test Bed Program will be implemented in 2005. It will directly assist several economies, including Indonesia, Malaysia, the Philippines, Thailand and Viet Nam and will demonstrate the regional application of the Global Positioning System for safer and more efficient air navigation in Southeast Asia.

### ISPS Code

*Free and open trade can only flourish in a secure environment and given that 95% of the world's trade moves by ship, the International Maritime Organization aims to secure the shipping industry by implementing the International Ship and Port Security (ISPS) Code.*

*The ISPS Code is a set of new maritime regulations designed to help detect and deter threats to international security. It came into force in July 2004.*

*Given that APEC economies account for over 50% of the world's trade, and 21 of the world's 30 top container seaports, there is an urgent need to ensure that APEC member economies will be compliant.*

*In support of the initiative, Australia, Canada, Japan, Korea, Singapore and the United States, proposed the APEC ISPS Code Implementation Assistance Program. This project aims to assist APEC economies in complying with the Code through technical assistance and grants.*

*The project takes a pragmatic and tailored approach of having ISPS teams of maritime security experts work with requesting economies to assess their specific challenges and design a plan to become ISPS compliant.*



## Industry Dialogues

### i. Automotive



#### Automotive Dialogue Standstill Commitment

*The standstill is a commitment that economies will endeavor to refrain from using measures that would have the effect of increasing levels of protection.*

*The Automotive Dialogue's standstill commitment does not prevent economies from adopting internationally recognized safety/environmental standards to protect the health and welfare of their citizens.*

*It is expected that the standstill commitment will increase the capability of the automotive industries in developing economies, while facilitating trade among APEC automotive sectors. Genuine market opening will allow automotive companies increased access to an expanded market providing for more efficient production through improved economies of scale and better quality through heightened competition.*

*A standstill commitment would also increase predictability and certainty in the trading regime, provide a stable investment climate, thereby serving to attract investment and jobs.*

#### Purpose

The APEC Automotive Dialogue is a forum for APEC Member Economy officials and senior industry representatives to map out strategies for increasing the integration and development of the automotive sector within the region. These public-private sector dialogues are a means of improving mutual understanding, informing future policy and promoting liberalization of trade in the sector.

#### Key Developments

The Sixth Automotive Dialogue was held in June, in Beijing, China. The work undertaken by six working groups established under the auspices of the Automotive Dialogue was reviewed:

- technical regulatory harmonization,
- customs,
- economic and technical cooperation,
- information technology,
- environment and
- market access.

The Dialogue committed to further develop its work to expand and integrate the APEC automotive industry and recommended a standstill agreement on new protectionist measures in the automotive sector.

The Auto Dialogue established a working group on intellectual property rights (IPR) in 2004, to ensure appropriate protection of IPR for automotive products.

Workshops on customs best practices were conducted in three APEC economies and a Customs Best Practices paper was developed to assist member economies identify areas where transaction costs could be reduced.

The Dialogue developed an economic and technical assistance program to support regional integration of ASEAN's automotive safety and environment standards and supported an ASEAN cooperative arrangement for automotive technical regulations—this paper serves as a guideline for facilitating trade among ASEAN free trade area members.

A cooperative arrangement was raised to harmonize road transport regulations and certification standards. The proposal is anticipated to assist in the integration of auto safety and environmental standards throughout the region.

#### 2005 Priorities

The 7th Automotive Dialogue will be held on April 19-22, in Manila. It will introduce major stakeholders and set the stage for a high-level APEC Summit on Road Safety to be organized following the Manila Auto Dialogue meeting.

## ii. Chemical

### Purpose

The ubiquitous use of chemicals in just about every modern manufacturing and processing industry gives the chemical sector a special importance to regional economies. This is why the APEC Chemical Dialogue was established in 2001. With a mandate to identify ways of addressing the competitive challenges facing the industry, the Chemical Dialogue brings together a diverse cross-section of public-sector and private-sector chemical expertise. As one of APEC's Industry Dialogues, the Chemical Dialogue is also an example of APEC's efforts to promote coordination between business and government to improve policy and regulatory processes throughout the region.

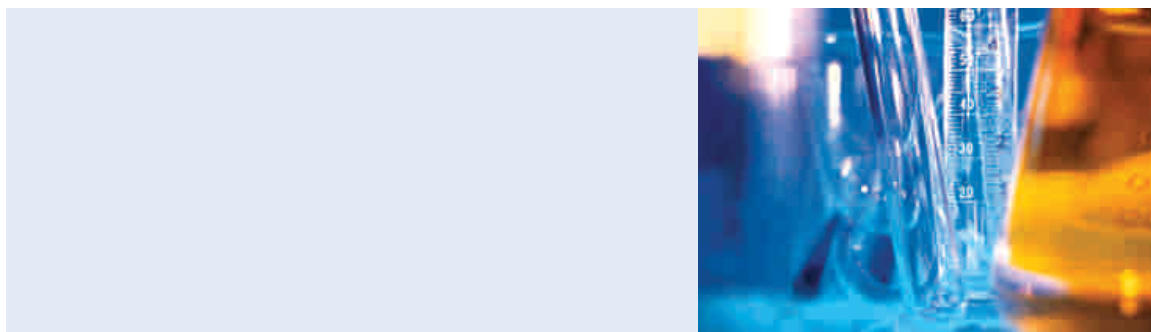
### Key Developments

Continuing its work on important business issues, the Chemical Dialogue held its third annual meeting in Pucón, Chile in May 2004. Top of the agenda was the implementation of the Globally Harmonized Standard (GHS) on the classification and labeling of chemicals. While adoption of GHS is voluntary, APEC economies have said they will work to implement GHS by the end of 2006.

Equally important was the APEC effort to identify specific concerns and coordinate advocacy relating to the EU REACH (Registration, Evaluation and Authorization of Chemicals) proposal, a controversial European Union (EU) policy covering the way in which all traded chemicals are controlled. The Dialogue Co-Chairs sent a letter in June 2004 to the EU Competitiveness Council expressing serious concern about the potential adverse economic effects on the Asia Pacific region if REACH were implemented in its current form. The Dialogue also commented on the EU's notification of REACH to the WTO Committee on Technical Barriers to Trade (WTO TBT). The Dialogue's goal is to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade in accordance with the WTO TBT provisions. As a result of pressure from APEC and others, the European Commission, for the first time, opened this process to public comment over the internet.

More broadly, the Chemical Dialogue continues to consider ways to contribute to the WTO's Doha Development Agenda negotiations and to support APEC liberalization and facilitation efforts. APEC Ministers Responsible for Trade have applauded the Chemical Dialogue's work in addressing non-tariff barriers, including smuggling/counterfeit, rules of origin, product registration procedures and confidential business data for chemicals.

In an effort to improve regulatory transparency in the sector, a list of government and non-government websites relating to chemical laws and regulations has also been established and will be updated as appropriate.



## 2005 Priorities

Looking forward, more will be done to assist economies in implementing GHS by 2006. The GHS issue will gain a higher profile as it is included on the agenda of more bilateral, subregional and regional events. A list of FAQs (frequently asked questions) will be compiled and posted on the APEC Chemical Dialogue website. Other suggestions for future Chemical Dialogue work on GHS include using the Chemical Dialogue website to share experiences and best practices related to GHS implementation, the creation of a dictionary of GHS key phrases in all APEC languages and the need for more technical training programs to raise awareness on the importance of GHS among public and private sectors.

The Chemical Dialogue will extend its REACH-related advocacy, highlighting its range of concerns to raise awareness about the potential adverse implications of REACH.

### Globally Harmonized System

*The Globally Harmonized System (GHS) was first discussed at the Rio Earth Summit in 1992. A simple but important proposition, it calls for a single uniform method to classify and label hazardous chemicals, worldwide. The objective of this international effort is to promote common, consistent criteria for categorizing chemicals according to their health, physical and environmental hazards.*

*Currently, many countries have their own unique system for the classification and labeling of hazardous chemicals. Sometimes, different classification or labeling systems can exist within the same country. The present situation is expensive for governments to regulate and enforce, costly and confusing for the companies that have to recognize and comply with different systems, bewildering for workers who need to understand the hazards of chemicals handled in the work place, and it can result in unnecessary environmental risks.*

*APEC Chemical Dialogue members want to fast track GHS implementation by 2006 (instead of 2008 as proposed by the UN) and are promoting much wider adoption than in other regions. This will facilitate international trade and improve safety standards in the transportation and use of chemicals. For once there is no trade off: the implementation of GHS will reduce business costs and enhance safety. GHS will allow chemicals to be handled and used more safely throughout their lifecycle.*

### EU REACH (Registration, Evaluation and Authorization of Chemicals)

*REACH stands for Registration, Evaluation and Authorization of Chemicals. The well-intentioned initiative began as a White Paper floated by the European Commission back in 2001. By October 2003, the European Commission adopted a proposed regulation. The EU Member States and European Parliament are now considering—and revising—the European Commission's proposal. REACH would change the way chemicals are assessed, and therefore handled and used. Most crucially, the proposed regulation shifts the burden of proof from the government to the manufacturer to prove that a substance is not harmful.*

*Under the European Commission's proposal, all companies will have to register their chemicals and provide basic data on the chemistry of their products. If the new measures are enacted, around 30,000 chemical compounds will need to undergo tests to evaluate their safety. APEC manufacturing and mining industries argue that, as currently constituted, REACH would impede trade, increase costs, discourage innovation, reduce competitiveness and remove many existing products from EU markets, as well as having a disproportionate impact on small and medium enterprises. Instead, APEC advocates achieving environmental, health and safety goals through a mechanism that is workable and that minimizes the impact on trade and industry.*



More information and contact details can be found at: [http://www.apec.org/apec/business\\_resources/industry\\_dialogues/chemical\\_dialogue.html](http://www.apec.org/apec/business_resources/industry_dialogues/chemical_dialogue.html)

### *iii. Non-Ferrous Metal*

A Non-Ferrous Metal Dialogue (NFMD), the third government-business dialogue of its kind, was proposed by the Russian Federation in 2003. A steering group, mandated with organizing the first meeting of the Dialogue, met in Pucón in May 2004, and discussed the modalities and themes of the inaugural meeting, scheduled to take place in 2005.

The primary goal of the NFMD is to bring together public and private sector representatives to promote cooperation and interaction in the area of trade-related regulatory policy and facilitate non-ferrous metals trade, competitiveness and sustainable development of the industry in the Asia-Pacific region.

All metals are either ferrous or non-ferrous. The latter classification includes aluminum, copper, titanium, magnesium, tin, zinc, lead and nickel. These are metals that do not contain iron. Hence, they are not magnetic and are usually more resistant to corrosion. Products made from such metals include containers, packaging, appliances, furniture, electronic equipment and aluminum foil.

The non-ferrous metal industry is diverse and expanding. Increasingly sophisticated products are being produced using an array of chemicals and treatment processes in the smelting, refining and finishing stages. Recycling, including the separation of complex compound materials, is growing in importance for economic, environmental and sustainable development reasons.

The NFMD will identify and discuss the priorities relevant to non-ferrous trade and industry. In doing so, it will endeavor to improve the flow of information and sharing of best practice experience in using domestic and international regulatory mechanisms. This will be achieved through consultation and an exchange of views.



## Special Task Groups

### *i. Counter-Terrorism Task Force*

#### **Purpose**

The need to secure the region's economy and trade against terrorism has become a major focus of APEC's agenda, spearheaded by the Counter-Terrorism Task Force (CTTF). Its role is to assist economies to identify and assess counter-terrorism needs, coordinate capacity building and technical assistance programs, cooperate with international organizations to implement the Leaders' Statement on Fighting Terrorism and Promoting Growth and facilitate cooperation between APEC fora on counter-terrorism issues.

#### **Key Developments**

Public-private sector collaboration was a key theme of the second Secure Trade in the APEC Region (STAR) Conference held in March 2004, in Viña del Mar, Chile. Delegates discussed how to improve regional security while expediting the free cross-border movement of legitimate goods, finances and passengers. The Conference covered maritime and aviation security, the mobility of people and measures to prevent terrorism financing.

Five economies have adopted Advance Passenger Information systems (API) to enhance border security while accelerating the processing time for legitimate passengers. Feasibility studies on the introduction of API have been or will be conducted in 13 other APEC economies.

Several security-related projects were completed. These cover document examination and fraud detection training; standards in travel document security and related issuance systems; and codes of professional conduct and service for immigration officers. Members called for cooperation to ensure that all APEC economies will begin issuing Machine Readable Travel Documents (MRTDs), if possible with biometrics, by 2008. On a best endeavours basis, members also called for the accelerated replacement of Non-MRTDs by MRTDs as well as implementation of ICAO travel document security standards.

APEC, in cooperation with the Asian Development Bank (ADB), has launched the Regional Trade and Financial Security Initiative. For this initiative, a fund was established at the ADB through contributions from Australia, Japan and the United States. The fund is earmarked for counter-terrorism initiatives to enhance airport and seaport security (including cargo and travel), as well as to combat money laundering and terrorism financing.

Ministers identified key elements of effective export control systems, and reaffirmed their commitment to continue work in APEC to unite economies and the private sector to facilitate the flow of goods to legitimate end-users while preventing trafficking in weapons of mass destruction, their delivery systems and related items.

Ministers established guidelines on the control of man-portable-air-defense-systems (MANPADS), and economies committed to work individually to develop measures consistent with these guidelines and, as appropriate, with efforts taken at the United Nations, its agencies and other relevant international organizations, to prevent terrorists from obtaining and using these weapons to attack civilian aviation.

All APEC economies are implementing, have concluded, or aim to conclude an Additional Protocol with the International Atomic Energy Agency by the end of 2005. Through a collective commitment to expanded transparency on nuclear related activities, APEC members are determined not to allow illicit nuclear activities in the region.

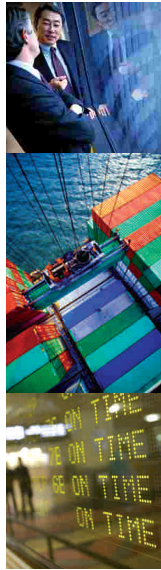


## 2005 Priorities

The STAR III Conference will be held in February in Incheon, Korea, and aims to develop greater tangible results in the field of public-private partnership. The focus of the Conference will be on aviation and maritime security.

A pilot of the Regional Movement Alert List system (RMAL) will be carried out in 2005.

Member Economies and relevant fora will continue to update and assess the Counter Terrorism Action Plan. This encourages APEC members to detail what they can offer in the capacity building area and ensure that initiatives are undertaken where they are most needed.



- APEC economies account for over 50 percent of the world's trade
- 21 of the world's 30 top container seaports
- 23 of the world's 30 busiest airports
- Approximately 90 percent of the world's cargo moves by container
- Globally over 48 million cargo containers move between major seaports each year
- More than 14,000 planes are flying in the global fleet of commercial airlines

### Secure Trade in the APEC Region (STAR)

*APEC's counter-terrorism activities cover a broad spectrum—from the protection of energy supply chains and the movement of cargo, to enacting comprehensive legal frameworks to combat cyber crime and the tracking of illicit financial flows.*

*The Secure Trade in the APEC Region (STAR) Initiative has been developed by APEC member economies in cooperation with the private sector. It includes procedures 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 and the energy security initiative.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/som\\_special\\_task\\_groups/counter\\_terrorism.html](http://www.apec.org/apec/apec_groups/som_special_task_groups/counter_terrorism.html)



## ii. Electronic Commerce Steering Group

### Purpose

The Electronic Commerce Steering Group (ECSG) promotes the development and use of electronic commerce by creating legal, regulatory and policy environments in the APEC region that are predictable, transparent and consistent.

### Key Developments

In 2004, the ECSG continued its work on data privacy, consumer protection, cyber-security, paperless trading, trade facilitation and initiatives to counter spam.

Member economies endorsed the APEC Privacy Framework to encourage the development of appropriate information privacy protection and as a means to ensure the free flow of information in the Asia-Pacific region.

Sixteen economies have prepared . These plans outline the steps members should take to meet APEC's target to reduce or eliminate customs, cross-border trade administration and other documents relevant to international sea, air and land transport. A comprehensive paperless trading environment that enables the electronic transmission of trade-related information across the APEC region is to be established by 2020.

The ECSG agreed to continue activities to counter spam, including a survey on individual economies' approaches to spam, and possible cooperation with the APEC Telecommunication and Information Working Group in 2005.

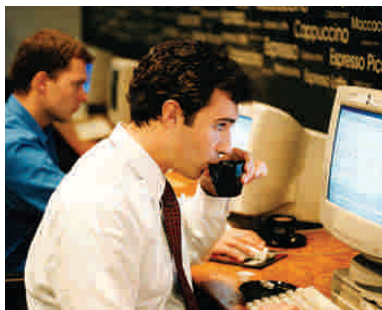
The ECSG is building trust in e-commerce by protecting consumers from fraudulent and deceptive practices when buying goods and services online. Work is underway to help economies implement APEC's Voluntary Consumer Protection Guidelines for the On-line Environment. These cover international cooperation,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

A number of seminars and workshops were also conducted in 2004:

- APEC Symposium on Data Privacy Implementation Mechanisms,
- APEC "Best Practices In International Investigations" training sessions,
- APEC E-Commerce Fair, and
- APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business

### 2005 Priorities

In 2005, the ECSG will continue its work on information privacy, spam, paperless trading, digital economy initiatives and review the format of the Stocktake of Electronic Commerce Activities, a business-friendly inventory of the electronic commerce activities currently being undertaken by APEC fora.



### Data Privacy Framework

*The APEC Data Privacy Framework promotes a consistent approach to information privacy protection across APEC member economies, while avoiding the creation of unnecessary barriers to information flows.*

*The result will be region-wide privacy policy compatibility, which will help keep APEC on the cutting edge of e-commerce.*

*Consistent with the OECD's Privacy Guidelines, the Framework's privacy principles and implementation guidance are focused on the achievement of four main goals:*

- *to develop appropriate privacy protections for personal information,*
- *to prevent the creation of unnecessary barriers to information flows,*
- *to enable multinational businesses to implement uniform approaches to the collection, use and processing of data, and*
- *to facilitate both domestic and international efforts to promote and enforce information privacy protections.*

### iii. Gender Focal Point Network

#### Purpose

Women account for more than half the labor force in APEC Member Economies, making a major contribution to trade and investment. As such, there is a need to provide greater gender equality in the social and economic life of the region.

The Gender Focal Point Network (GFPN) provides a sustainable and effective mechanism to integrate gender considerations in APEC; it advances the Framework for the Integration of Women in APEC. The GFPN is intended to provide policy and practical advice on gender issues to APEC fora and Senior Officials.

#### Key Developments

In 2003, the Committee on Trade and Investment (CTI) commissioned a project to develop priorities for its work related to gender issues. The resulting study, Supporting Potential Women Exporters, completed in 2004, examines existing mechanisms and initiatives that support and promote the involvement of marginalized women producers in international trade. It contains a wide-ranging series of recommendations on concrete steps that CTI could undertake to fulfill its core mandate of increasing trade and investment while also supporting women entrepreneurs.

#### 2005 Priorities

The GFPN will continue encouraging other fora to have joint projects with the GFPN in areas of strategic importance to APEC; strengthening the existing coordinating mechanism to reinforce gender integration in APEC programs and activities at the economy level; discussing the need to revisit GFPN's strategy for gender integration in APEC and implementing its work plan for 2005.

#### Framework for the Integration of Women into APEC

*The Framework for the Integration of Women into APEC has three elements:*

- *Gender Analysis - a methodology for examining the differences in the lives of women and men,*
- *Collection and Use of Sex-Disaggregated Data - data classified by sex and presented separately for women and men, and*
- *Involvement of Women in APEC - the increased participation of women in APEC fora.*

#### Gender divide

*The ability to characterize the economic contribution of women is an essential prerequisite to removing barriers to their participation in the economy. To facilitate effective policy development, it is necessary to collect and analyze sex-disaggregated data. This enables project coordinators to determine whether they were successful in reaching both women and men participants and can guide the design of subsequent capacity-building initiatives.*

*Sex-disaggregated data on business ownership and export activity help officials assess the potential and actual impacts of small business development initiatives, as well as trade policy, trade facilitation and trade-related capacity-building initiatives.*



#### iv. Health Task Force

##### Purpose

The emergence of Severe Acute Respiratory Syndrome (SARS) in the Asia-Pacific region in 2003, and the Avian Influenza H5N1 in 2004, highlighted the impact of health challenges across a broad range of sectors, including health, agriculture, trade, tourism, transportation and business. APEC's leadership in the region and its wide-ranging economic work program make it uniquely suited to address the multi-sectoral impact of today's health threats.

Responding to calls from Health Ministers and the suggestion of APEC's Industrial Science and Technology Working Group, Senior Officials established the ad hoc Health Task Force (HTF) to better address health-related threats to economies, trade and security, focusing mainly on emerging infectious diseases. The Task Force will also implement the Health Security Initiative.

##### APEC Health Symposium

*An "APEC Symposium in Response to Outbreaks of Avian Influenza and Preparedness for a Human Health Emergency" is being planned by a Steering Committee composed of APEC Member Economies through the APEC Health Task Force.*

*The seminar, planned for July 2005 in San Francisco will bring together policymakers and sectoral experts to develop appropriate response mechanisms to deal with cross-border disease outbreaks such as Avian Influenza.*

##### Key Developments

At its inaugural meeting in Taipei, the HTF outlined priorities to address cross-border diseases such as SARS and the Avian Influenza through a program of collaborative activities. The main topics covered were:

- reviewing of the direction provided to the HTF by Leaders, Ministers and Senior Officials,
- establishing a short list of priority diseases/areas for cooperation, deriving from previous items and based on opportunities for APEC added value,
- discussing proposals, concept papers, or ideas that could be developed into formal proposals for action, and
- development of a HTF website to facilitate information sharing on health issues.

##### 2005 Priorities

Preparing APEC Member Economies to overcome future international disease outbreaks is to be a key priority for the HTF. APEC Leaders have pledged to work together to combat the further spread of the AIDS pandemic, and they encouraged new APEC efforts in 2005 to address the specific threats posed in the Asia-Pacific region by infectious diseases such as SARS, the avian flu, pandemic influenza, tuberculosis, malaria and polio.

##### Health Security Initiative

*The Health Security Initiative aims to protect the region's people and economies by improving the public health infrastructure and working together to combat disease and bioterrorism. Under the initiative, APEC Leaders agree to:*

- *Improve Disease Monitoring: APEC economies will focus on improving disease monitoring and response mechanisms, as well as expanding regional coordination through the APEC Emerging Infections Network and collaboration with multilateral organizations, including the World Health Organization;*
- *Increase Security of Biological Pathogens: APEC economies will implement measures to ensure that biological pathogens are stored and transferred safely and securely;*
- *Strengthen Controls on Dual-use Biological Materials and Equipment: APEC Leaders responded to the critical need for strict import and export controls on dual-use biological materials and equipment by committing to enact and strengthen the necessary legislation, as well as criminalize offensive weapons activity.*
- *Establish strict codes of ethical and operational conduct for bio-scientists.*

*The symposium aims to build support across sectors, including agriculture, health, trade, tourism and finance, for the infrastructure development necessary to respond to the disease in affected economies.*

*The event will address the impacts and challenges presented by the avian influenza in affected economies from a multi-sector perspective. Recommendations to Senior Officials on further measures will also be presented based on the outcomes of the symposium.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/som\\_special\\_task\\_groups/health\\_task\\_force.html](http://www.apec.org/apec/apec_groups/som_special_task_groups/health_task_force.html)

#### iv. Social Safety Net Capacity Building Network

##### Purpose

The APEC Social Safety Net Capacity Building Network (SSN CBN) was established in 1997 after the Asian Financial Crisis, to mitigate the adverse effects of economic shocks on vulnerable groups within the societies in the Asia-Pacific region. The SSN CBN promotes effective capacity building within APEC and implements social safety net recommendations made by Finance Ministers and by the Human Resources Development Working Group.

The SSN CBN addresses social safety net issues through information exchanges, collaborative research and development, and seminars for concerned institutions, government bodies, relevant international organizations and individuals.

##### Key Developments

In 2004, the SSN CBN worked on the following six priority areas:

- pre-crisis social safety net planning and prevention measures,
- capacity for evaluating effectiveness of policy action,
- collection of disaggregated data and access to current data,
- identifying at-risk populations,
- designing response institutions and financing, and
- strengthening transparency and accountability in social safety net operations.

The Second International Meeting of Experts on Social Safety Nets in APEC was held in Bangkok, Thailand, in April 2004. The meeting focused on current social safety nets issues and explored the ways in which specific capacity building needs could be augmented in APEC economies and international financial institutions.

The participants at the meeting suggested that closer collaboration with other APEC fora should be further explored to introduce social safety net issues into the APEC process. The meeting also recommended facilitating information exchange by establishing a matrix of member economies' common concerns on social safety nets capacity building.

The was held in Shenyang, China, in July 2004, to address the social dimension of globalization, and explore how member economies can better develop social safety nets in order to minimize the costs of structural change.

The seminar focused on social protection and promoted the participation of the vulnerable group in economic and social development while considering the following themes:

- the impact of globalization and restructuring and the role of government in the protection of the vulnerable groups,
- policy options on social protection of the vulnerable group,
- best practices on social protection of the vulnerable group, and
- exchanges and collaboration among APEC economies.

##### 2005 Priorities

In 2003, the SSN CBN surveyed APEC member economies to determine their common concerns on social safety net capacity building. The survey results will assist in the development of a framework for future SSN CBN activities and help prioritize future activities based on the six major areas recommended by the SSN CBN.

## Other APEC Activities

### *i. High Level Policy Dialogue on Agricultural Biotechnology*

#### **Purpose**

APEC's High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB) seeks to raise awareness of agricultural biotechnology issues, advance economic development and enhance the ability of every economy to apply this technology safely. This Senior Officials' Dialogue provides a forum for policymakers to exchange and discuss multidisciplinary policy views, trade implications, implementation experiences, effective communication strategies, benefits and environmental effects and humanitarian applications of agricultural biotechnology.

#### **Key Developments**

In November 2004, Ministers endorsed the 2004-2006 HLPDAB Work Plan and acknowledged its importance in realizing the benefits of agricultural biotechnology through increased agricultural productivity, improved food security and protection of environmental resources.

Ministers instructed Senior Officials to continue the Policy Dialogue and advance discussions in the areas of policy and information exchange, intellectual property rights and technology transfer, economic and human resource investment, and agricultural biotechnology public policy development.

The focused on intellectual property rights (IPR) in the context of plant genetic resources and a survey of IPR issues faced by economies.

The discussed the risks and benefits of agricultural biotechnology and the role farmers play in the practical application of agricultural biotechnology in their own economies.

A seminar entitled "Creating a Positive Investment Environment for Agricultural Biotechnology" examined the factors that stimulate the development of a private agricultural biotechnology industry.

#### **2005 Priorities**

The main priority for the HLPDAB through to 2006 is to continue advancing policy discussion and efforts on:

- policy information exchange
- IPR and technology transfer
- economic and human resource investment, and
- agricultural biotechnology public policy development.

The 4th Meeting of the HLPDAB will take place in Seoul on 1-3 March 2005.



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/other\\_apec\\_groups/agricultural\\_biotechnology.html](http://www.apec.org/apec/apec_groups/other_apec_groups/agricultural_biotechnology.html)



## ii. Anti-Corruption and Transparency

### Purpose

Corruption is a serious threat to good governance and deters investment. To fight corruption, in November 2004, APEC Leaders endorsed the, and agreed to implement the Santiago Commitment to Fight Corruption and Ensure Transparency and APEC Course of Action (COA) on fighting Corruption and Ensuring Transparency.

The concrete actions outlined in the COA, include APEC economies:

- taking all appropriate steps, consistent with their different status, towards ratification of, or accession to, and implementation of the United Nations Convention Against Corruption (UNCAC),
- strengthening effective measures to prevent and fight corruption and ensure transparency,
- denying safe haven to officials and individuals guilty of public corruption, those who corrupt them, and their assets,
- fighting both public and private sector corruption,
- promoting public-private partnerships,
- nurturing cooperation to combat corruption in the region, and

- implementing, in accordance with the fundamental principles of each economy's legal system, the concrete actions contained under the item "From Santiago to Seoul".

The aim is to reduce the cost of corruption to economies in the region and to promote a culture of integrity and lawfulness.

APEC Leaders from Australia, Canada, Chile, China, Japan, Korea, and the United States jointly announced their commitment to provide critical support to help APEC developing economies effectively fight corruption. The Anti-Corruption and Transparency (ACT) capacity-building program includes technical assistance targeted at helping APEC economies address key areas outlined in the Santiago Commitment and the APEC Anti-Corruption Course of Action. The program will include cooperation with multilateral banks and international organizations to support relevant activities in APEC developing economies.

Senior Officials agreed to establish an Ad Hoc Anti-Corruption Experts' Group in 2005 to coordinate APEC's work to fight corruption and ensure transparency.

### 2005 Priorities

Efforts to combat corruption and enhance good governance in the region will be an important focus for the 2005 APEC Year hosted by Korea.

In March, APEC Senior Officials will finalize the terms of reference for the ACE Task Force. The Task Force is expected to guide the implementation of APEC's governance and anti-corruption commitments around the region. Korea will also host a high level APEC anti-corruption symposium in Gyeongju, Korea, in September 2005.

### APEC Leaders Pledge US\$10 Million to Fight Corruption

*Corruption is a complex economic, political and social problem with destructive repercussions for every sphere of society. Corruption threatens democracy and economic growth, the integrity of institutions and social values. It can be found in both the public and private sectors. The World Bank has identified corruption as the single greatest impediment to growth and noted that the direct costs of bribery alone to national economies is over one trillion US dollars each year. A comprehensive approach is required to overcome this scourge.*

*To this end, APEC Leaders from Australia, Canada, Chile, China, Japan and the US have agreed to contribute US\$10 million over four years to support the Anti-Corruption and Transparency (ACT) Support and Capacity-Building Program. The program will provide technical assistance targeted at helping APEC economies meet their commitments outlined in the Santiago Commitment and the APEC Anti-Corruption Course of Action endorsed earlier by Leaders. It is expected that innovative tools and practical workshops and training programs will be developed including, for example, in areas dealing with investigatory and prosecutorial techniques for building corruption cases, judicial integrity, anti money-laundering, asset forfeiture and recovery, and terrorism finance.*

*A commitment to develop training and capacity-building projects related to the implementation of the APEC Transparency Standards and an APEC website devoted to anti-corruption public awareness and e-governance tools will also be a part of the APEC ACT Training and Capacity-Building Program.*





### Promoting Transparency and Fighting Corruption

*Just five years ago, the topic of corruption was too sensitive to raise in a multilateral forum. In 2004, one of ABAC's most groundbreaking accomplishments was its clarion call to combat corruption in the Asia-Pacific region.*

*ABAC members produced and all signed a statement of commitment to conduct their business affairs in accordance with the highest ethical standards, and reinforced APEC Leaders' commitment to fight corruption and ensure transparency in the APEC Leaders' declaration.*

*The ABAC statement reads in part: "We, the leaders of Asia Pacific business, commit to operating our business affairs with the highest level of integrity and ethics. We further agree to create and implement anti-corruption measures within each of our businesses and foster the development of these measures more widely in each of our unique economies. Business must take the lead in ending corruption not just in the Asia Pacific region, but whenever we operate."*

### iii. APEC Business Advisory Council

#### Purpose

Commerce is the lifeblood of the region, and business the engine of economic growth. Recognizing the important role of business and the benefit of getting representative business advice on key issues, in 1995 the Economic Leaders established the APEC Business Advisory Council (ABAC). This private sector body offers recommendations to APEC Leaders in an annual dialogue and advises APEC officials on business sector priorities and concerns. ABAC comprises up to three corporate personalities from each APEC economy, representing a diverse range of sectors and small as well as large enterprises.

#### Key Developments

In 2004, ABAC highlighted the impact of globalization on the region's increasingly open economies in its report, *Bridging the Pacific: Coping with the Challenges of Globalization*. ABAC made recommendations covering six key issues:

- achieving concrete results for the WTO Doha Development Agenda,
- reinvigorating APEC's trade and investment liberalization and facilitation agenda,
- mitigating new costs of doing business,
- strengthening financial systems in the APEC region,
- building capacity to cope with the challenges of globalization, and
- enhancing the overall effectiveness of APEC.

ABAC emphasized that the successful conclusion of WTO negotiations is the number-one priority for business. It called on APEC Leaders to take the bold measures necessary to achieve the Bogor Goals of free and open trade and investment by the 2010/2020 deadline. It also offered recommendations to stimulate APEC's trade and investment agenda, including a set of best practices covering regional trading arrangements/free trade agreements to ensure that they are "building blocks" towards the achievement of the Bogor Goals.

ABAC challenged APEC Leaders to start considering some radical new ideas such as a Trans-Pacific Business Agenda for greater integration of regional markets; a Free Trade Area of the Asia-Pacific to bring together the growing number of bilateral agreements. A less radical idea that ABAC has championed, offering far-reaching benefits to the region, is the development of a regional bond market.

The report to Leaders also called for increased anti-corruption measures as well as consideration of the costs imposed on business by compliance with new security measures. ABAC stressed the importance of strengthening financial systems by accelerating reforms; helping vulnerable economies deal with volatile capital movements; improving economies' understanding of how to deepen capital markets; developing effective public/private partnerships to improve financial system security and improve governance.

More information and contact details can be found at: [http://www.apec.org/apec/business\\_resources/apec\\_business\\_advisory.html](http://www.apec.org/apec/business_resources/apec_business_advisory.html)

#### *iv. APEC Finance Ministers' Process*

##### **2005 Priorities**

ABAC remains fully engaged, committed to providing actionable advice to APEC Leaders on business sector priorities. In 2005, members will explore the theme "Networking Asia-Pacific: A Pathway to Common Prosperity," while they continue to champion the APEC agenda on trade and investment liberalization and facilitation as well as efforts focusing on capacity building and strengthening financial systems. A major project for the year will be to offer thoughtful business input as APEC conducts its mid-term stock-take of progress towards the Bogor Goals, and also to monitor the process and hold economies to their commitments to ensure a meaningful review that produces credible conclusions.

##### **Purpose**

The APEC Finance Ministers' Process (FMP) provides an annual forum for APEC member economies to exchange views and information on regional financial developments and to pursue cooperative programs that promote financial sector development and liberalization. Meetings are also held at the Finance and Central Bank Deputies and Technical Working Group levels.

##### **Key Developments**

Under the 2004 policy theme of "Fiscal Policies for Growth and Stability in an Open APEC Region," the FMP reviewed different options for tightening fiscal discipline. Case studies based on the experiences of APEC member economies provided contextual insights for managing fiscal balances.

The Bogor Goals of free and open trade and investment require the process to contribute to economic growth and domestic financial stability. Thus, under the other 2004 policy theme of "Institution Building in a World of Free and Volatile Capital Flows: Looking Forward to APEC 2020," the FMP delivered a research paper on the effects of capital flows on macroeconomic stability. The report underscored the need for an open capital account and a mix of monetary, fiscal and exchange rate policies. Case studies by member economies highlighted domestic measures taken to shield their economies and financial systems against the effects of capital flight.

##### **2005 Priorities**

The policy themes for the 12th FMP Meeting to be held in September 2005, in Jeju, Korea, will be:

- **Free and Stable Movement of Capital (tentative)**

APEC Finance Ministers will share their experiences and discuss issues such as current states of capital mobility, impediments hindering such movements and policy recommendations for free and stable movement of capital.

- **Meet the Challenge of Ageing Economies (tentative)**

The impact of an aging population on savings and investment, its effects on the financial markets and the asset management industries will be examined.

## v. APEC Food System

### Purpose

The APEC Food System (AFS) aims to improve the efficiency of food production and trade for the benefit of APEC Member Economies. The AFS envisions greater efficiencies in agricultural production, supply and trade, and improving infrastructure. It calls for a comprehensive approach to food and agriculture policy, plus various facilitation measures such as harmonization of standards aimed at improving rural infrastructure and disseminating advances in processing technology. APEC is uniquely placed to address these and other pressing issues through cooperative action to build a more robust and interdependent food system in the region.

### Key Developments

In 2004, the following actions were undertaken as part of the AFS initiative:

- **Rural Infrastructure Development**

To widen the scope of rural education, the Human Resource Development Working Group Education Network developed several online initiatives. With the internet, rural youth now have web-based access to educational resources and learning opportunities. In a similar vein, the Small and Medium Enterprises Working Group set up a Sub-Group on Micro Enterprises and a Postal Hub designed to assist rural SMEs gain access to relevant information.

- **Promotion of Trade in Food Products**

The Committee on Trade and Investment, in particular the Sub-Committee on Standards and Conformance, continue to work on training in the areas of risk assessment in food safety measures, the development of food standards, the safety assessment of genetically modified foods and the APEC Food Experts Network.

The Fisheries Working Group's auditor training project developed the skills of certified auditors who will then train individuals to audit food safety and quality systems and become certified according to internationally recognized standards.

- **Dissemination of Technological Advances in Food Production and Processing**

The Agricultural Technical Cooperation Working Group implemented four important AFS recommendations to:

1. *improve the capacity of member economies to trade in food products,*
2. *cooperate in research and development and dissemination of food-related technology,*
3. *build partnerships between the public and private sectors in food technical cooperation to further technology transfer, training facilities and training programs, and*
4. *foster environmentally sound agricultural policies.*



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_group/other\\_apec\\_group/apec\\_food\\_system.html](http://www.apec.org/apec/apec_group/other_apec_group/apec_food_system.html)

## vi. APEC Study Centers Consortium

### Purpose

APEC consists of 21 member economies that greatly differ in terms of population, geography, level of economic development and cultural background. This extreme diversity is not an impediment to its economic cooperation, but a basis for it.

For cooperation from diversity, it is necessary to promote mutual knowledge and understanding among the member economies. With this aim in mind, in 1993 a network of APEC Study Centers (ASC) were established in universities and research institutions in the member economies.

Besides studying APEC-related issues, the Study Centers represent important academic communities in their respective economies and as such, the consortium is almost entirely composed of scholars.

There are now ASCs in 19 member economies, comprising 100 universities, research centers and centers of academic excellence across the APEC region.

### Key Developments

Chile, as ASC Chair for 2004, selected the theme “The Challenges of APEC: Trade, Security, and Capacity Building” for the ASC Consortium Annual Conference held in Viña del Mar, in May.

The conference was divided into 10 panels that discussed topics as varied as the current state of the world trading system to extending the benefits of integration in APEC for SMEs, women and young entrepreneurs. Other areas of discussion included the development of knowledge-based economies, the role of English as the language for trade, finance, and technology in APEC and how to reform APEC to reinforce trans-Pacific cooperation.

### 2005 Priorities

The ASC Consortium will continue to develop its role within the APEC structure, and to establish collaborative research projects as a means of strengthening networks in the region. The ASC Consortium Conference will be held in May in Jeju, Korea.

### APEC International Assessment Network

*In 1999, the ASC Consortium agreed on a Statement of Common Purpose for the APEC International Assessment Network (APIAN). APIAN is a collaborative, independent project among participating APEC Study Centers to track and assess the design and execution of selected APEC initiatives.*

*APIAN's purpose is to enhance the awareness and understanding of APEC activities among government officials and the general public, to encourage the fulfillment of APEC objectives and commitments, and to reflect on ways in which APEC could improve. APIAN has published two books and three important reports since 1999, which assess APEC's performance and provide recommendations for improvements.*



## vii. Regional Trading Arrangements/Free Trade Agreements

### Purpose

The important role Regional Trading Arrangements (RTAs) and Free Trade Agreements (FTAs) play in trade liberalization in the APEC region has been raised repeatedly by APEC Economic Leaders and Ministers. Leaders agree that RTAs/FTAs play a constructive role in accelerating liberalization in the region, thus contributing to the achievement of the Bogor Goals and advancing the WTO process. APEC's initiatives seek to strengthen this contribution, to ensure high-standard agreements, and to facilitate public understanding of the scope and impact of these agreements.

RTAs/FTAs between APEC members often contain innovative provisions in areas such as education, cooperation, science and technology, paperless trading and mutual recognition, in addition to provisions on goods, services, trade remedies, investment, entry for business people and dispute settlement. APEC members have already concluded 40 FTAs and are currently negotiating 34 more.

### Key Developments

In October 2004, APEC Ministers endorsed the "APEC Best Practices for RTAs/FTAs" and highlighted their importance as a means to achieve high-standard agreements in the Asia-Pacific region.

To provide greater transparency, links to official information on APEC economies' RTAs/FTAs have been added to the APEC Secretariat's website. Economies will also use a new Individual Action Plan (IAP) reporting template to share information on their RTAs/FTAs.

APEC members have agreed to provide capacity building assistance to ensure that all economies can undertake the analytical and negotiating tasks involved to fully participate in RTA/FTA negotiations. With this end in mind, Australia hosted workshops for APEC government officials in Brunei and China in December 2004.

The 2004 Senior Officials' Policy Dialogue on RTAs/FTAs agreed that APEC's approach to RTAs/FTAs should include a policy response, increased transparency and capacity building to enhance the contribution of RTAs/FTAs to APEC's goals and principles. This policy response included the development of a set of "Best Practices for APEC FTAs/RTAs" and further consideration of how economies could fulfill the Bogor Goals through FTAs and the role of FTAs in promoting domestic reform.

*2004 APEC Economic Outlook* addressed the issue of the continuous growth of RTAs/FTAs in the APEC region. The study, which was led by Chile, discussed the benefits and disadvantages RTAs might impose on the welfare of the region and the achievement of APEC's goals. It investigated how trade issues such as Rules of Origin, trade in services, competition policies and trade remedies were dealt with in RTAs.

### 2005 Priorities

The focus of activities in 2005 will be to implement the APEC RTA/FTA Best Practices, transparency and capacity building. A Third SOM Policy Dialogue on RTAs/FTAs will also be held in Korea on 28 May 2005.

An International Workshop on Identifying and Addressing Possible Impacts of FTAs/RTAs Development on APEC Developing Member Economies will be hosted by Viet Nam in the first half of 2005. The workshop will share experiences and best practices to help APEC developing member economies to negotiate and join RTAs/FTAs. Japan will hold a workshop and two symposia on Capacity Building for the New International Architecture in Trade and Investment. The project will provide an understanding of the identification, negotiation and completion of RTAs for the business community and others involved in trade negotiations and analysis.

### *viii. Life Sciences Innovation Forum*

#### **Purpose**

The primary goal of the Life Sciences Innovation Forum (LSIF) is to bring together representatives of the government, industry and academia to promote life sciences innovation in support of human health in the region.

Its core mandate is to develop a strategic plan for the entire life sciences innovation value chain, including as a priority addressing the challenges of risk detection and prevention, treatment and cure of the communicable and lifestyle diseases which affect people in the APEC region.

#### **Key Developments**

The LSIF's major outcome in 2004 was the finalization of a strategic plan and framework of best practices. The strategic plan covers the four key areas of the life sciences innovation value chain: research, development, manufacturing, and marketing and health services. The chain has been described in this way to facilitate economies in identifying the differing needs and capacity building relevant to each. It also emphasizes the role of health services and health policymaking as a mechanism for translating life science innovation into improved access to innovation and improved health for patients.

In each of the four areas, principles and, where possible, best practices have been identified that would contribute to a more efficient, effective and coordinated policy approach to support innovation and health in the region. This would enhance the productivity and well-being of the people and also help address the health challenges of existing and emerging diseases that have the potential for large adverse impacts.

A Life Sciences Readiness Assessment template has been developed so that interested economies can best decide how their investment in the sector would be the most productive and bring the most benefit.

#### **2005 Priorities**

The main task of LSIF in 2005 will be to implement the Strategic Plan. A Ministerial-level meeting on implementation will be held in Thailand in the second quarter of 2005.

Recommendations for collective actions going forward include programs for human capital development, funding mechanisms, agreement in principle to move to a regional harmonization process among APEC economies, and the development of a roadmap to achieve this goal for life sciences products and services.

The LSIF agreed to harmonize quality standards for life sciences products and services according to international best practices, which will enhance opportunities for innovation. Additionally, the LSIF is working at improving clinical trials infrastructure, and will seek to develop a more inclusive, open and transparent process for setting healthcare policies, which can facilitate trade in health services.



More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/other\\_apec\\_groups/life\\_sciences.html](http://www.apec.org/apec/apec_groups/other_apec_groups/life_sciences.html)



### ix. New Economy: e-APEC Strategy

#### Purpose

The e-APEC Strategy prescribes the most conducive policy environment and specifies appropriate goals and actions for APEC Member Economies seeking to leverage technological advances to boost productivity, stimulate growth and extend individual or community-based internet access. The Strategy develops a forward-looking, long-term and action-oriented plan by:

- strengthening market structures and institutions,
- facilitating infrastructure investment and technology development, through a more favorable investment and innovation climate, and
- enhancing human capacity building and promoting entrepreneurship, by emphasizing education and the role of SMEs.

#### Key Developments

Implementing the e-APEC Strategy – Progress and Recommendations for Further Action, was completed in 2004. The report examines the progress made by APEC economies to date, and recommends actions for the continued implementation of the e-APEC Strategy. Significant improvements have been made in e-infrastructure through increased competition and market-oriented policies. APEC Member Economies are progressing toward the APEC goal, established in Brunei in 2000, of achieving individual or community-based access by 2010 with the help of new generation wireless technologies.

The study found that internet access within APEC will more than double by 2005. While some APEC economies are leading the world in broadband, e-government services and mobile services, others are lagging behind. Building skills and raising capacity are the most pressing needs for APEC economies to narrow the digital divide and facilitate trade.

The APEC Economic Committee also issued a report entitled, Realizing Innovation and Human Capital Potential in APEC. It analyzes the international mobility of highly qualified people in APEC, and policies to attract them to where they are most needed. Case studies from China, Malaysia, Japan and the US on the creation of industrial knowledge-based clusters indicate that the two most important ingredients in the formation of an industrial cluster are innovation and growth.

#### e-APEC Strategy for SMEs

*The e-APEC Strategy for Small and Medium Enterprises (SMEs) follows the broader strategy to develop policy initiatives and actions that will facilitate greater access to the digital economy in the APEC region.*

*The e-APEC Strategy for SMEs identifies many difficulties confronting SMEs attempting to digitize their operations and offers a menu of solutions to be implemented at a local level by member economies.*

*Obstacles to greater SME participation in the digital economy include the costs of accessing new technology, difficulty in developing suitable internet-based business models or simply understanding the laws governing e-trade.*

*The e-APEC Strategy for SMEs calls on governments to play the role of facilitator to build strategic links with larger businesses and to create the right policy environment for SME digitization. It presents four policy prescriptions for APEC economies:*

- expand basic services for network utilization,
- facilitate development of business models for SMEs,

- promote partnerships between businesses and economies, and
- build a framework for regulation and education.

*To assist in implementation, the APEC SME Working Group will help member economies by sharing best practices and working to configure local implementation tactics.*

More information and contact details can be found at: [http://www.apec.org/apec/apec\\_groups/other\\_apec\\_groups/new\\_economy\\_-\\_e-apec.html](http://www.apec.org/apec/apec_groups/other_apec_groups/new_economy_-_e-apec.html)

### 2005 Priorities

Senior officials will study the findings of the Implementing the e-APEC Strategy report and make recommendations to the relevant APEC ministerial meetings in 2005. APEC will revisit the digital challenge confronting its members and take stock of members' achievements in addressing the digital opportunity, both individually and collectively, to explore new ways to add value.

## x. Sustainable Development

### Purpose

The APEC Leaders' 1993 Economic Vision Statement 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.

Sustainable development is a crosscutting issue and the relevant sectoral fora have carried out implementation of related initiatives.

### Key Outcomes

The SOM Committee on Economic and Technical Cooperation (ESC) will coordinate the activities and plans implemented across all aspects of sustainable development. This will lead to more coherent and effective initiatives.

The ESC has created a Small Group on Sustainable Development to bring together APEC's work on this issue and to create synergies with relevant working groups. It will support a proposal for a project to study this crosscutting theme. The ESC has also endorsed a High Level Meeting on Sustainable Development to be held in 2005.

### 2005 Priorities

Based on the annual Economic and Technical Cooperation Reports, the analysis of the sustainable development activities in APEC between 1997-2004 will focus on:

- the continuity and follow-up to the cross-sectoral initiatives,
- dissemination of these initiatives,
- feedback mechanisms between working groups,
- participation from the private sector,
- incorporation of the APEC initiatives into international fora and programs and
- institutional setup in working groups to deal with sustainable development.

The report and the analysis are expected to be completed by the first half of 2005. On the basis of this analysis, the Group will formulate recommendations with a view towards adding value to the future APEC activities on sustainable development.





# INSIDE APEC



ASIA-PACIFIC  
ECONOMIC COOPERATION

## Role and Goals

APEC is a unique forum, operating on the basis of open dialogue and respect for the views of all participants. There are no binding commitments; compliance is achieved through discussion and mutual support in the form of economic and technical cooperation. In APEC, all economies have an equal say and decision-making is reached by consensus.

Since its inception in 1989, APEC has grown to become one of the world's most important regional groupings, with 21 Member Economies, spanning four continents and representing more than one third of the world's population (2.6 billion people), in excess of 60% of the world's GDP and accounting for more than US\$7 trillion of world trade. *(Source: Population - The Economist: Pocket World in Figures: 2005 Edition; GDP - World Economic Outlook September 2004 published by IMF; Trade Figure - The APEC Region Trade and Investment 2004)*

APEC encourages its members to pursue sound macroeconomic policies to stimulate domestic demand, and constructive microeconomic policies to promote financial and corporate restructuring, thus attracting investment. It works to lower tariffs and other trade barriers across the Asia-Pacific region, creating efficient economies and galvanizing exports.

**The Asia-Pacific Economic Cooperation (APEC) forum was established 16 years ago to capitalize on the growing interdependence of Asia-Pacific economies. By facilitating economic growth, intensifying economic and technical cooperation and enhancing a sense of community, APEC aims to create greater prosperity for all the people in the region.**

APEC collaborates with the private sector to produce outcomes with broad social and commercial benefits. It works to create a secure environment for the efficient movement of goods, services and people across borders. APEC undertakes programs to improve the social infrastructure of Member Economies, by providing access to training and technology. A guiding principle for APEC is that economic growth must always translate into real social progress.

Free trade and open investment help economies to grow, creating jobs and providing new opportunities. An unfettered trading environment helps to lower the cost of production and thus reduce the prices of goods and services – a direct benefit to all.

APEC promotes increased transparency, openness and predictability based on the rule of law. It seeks to eliminate impediments to trade and investment by encouraging Member Economies to reduce barriers, adopt transparent, market-oriented policies and address such issues as unequal labor productivity, restricted mobility of businesspersons and sustainable development.

### Bogor Goals

*The realization of APEC's vision is embodied in what are referred to as the "Bogor Goals." The ambitious Bogor Declaration was made in 1994, with APEC Leaders committing to "free and open trade in the region."*

*Recognizing the differing levels of development among the Member Economies, the Leaders set two broad timetables. The goal of free and open trade is to be achieved by industrialized economies no later than 2010, and by developing economies no later than 2020. It is a voluntary commitment, based on good faith and a pledge of best endeavor.*

*In 1995, the Osaka Action Agenda mapped out a path to achieve the Bogor Goals, and in 1996, the Manila Action Plan, its implementing agenda.*

*The agreements reached in Bogor, Osaka and Manila still serve as the beacons for APEC's journey. These three milestones have guided the APEC process far beyond the original ambitions of APEC's founders, setting in train an irreversible process of economic cooperation with far-reaching potential.*

## How APEC Operates

APEC operates as a cooperative, multilateral economic and trade forum. It is the only intergovernmental grouping in the world committed to reducing trade barriers and increasing investment without requiring its members to enter into legally binding obligations. The forum succeeds by encouraging dialogue and equal respect for the views of all participants and by making decisions based on consensus.

Each year, one of the 21 APEC Member Economies, serving as the APEC Chair, plays host to the flagship APEC meetings. The APEC host economy is responsible for chairing the annual Economic Leaders' Meeting, selected Ministerial Meetings, Senior Officials' Meetings, the APEC Business Advisory Council (ABAC) and the APEC Study Centers Consortium, amongst others. It also fills the Executive Director position at the APEC Secretariat.

APEC policy direction is provided by the 21 APEC Economic Leaders, with priorities and goals set at annual meetings of the Leaders of Member Economies. Strategic recommendations provided by APEC Ministers are considered, and private sector input comes from the ABAC, made up of senior business people from Member Economies.

### Policy & Working Levels

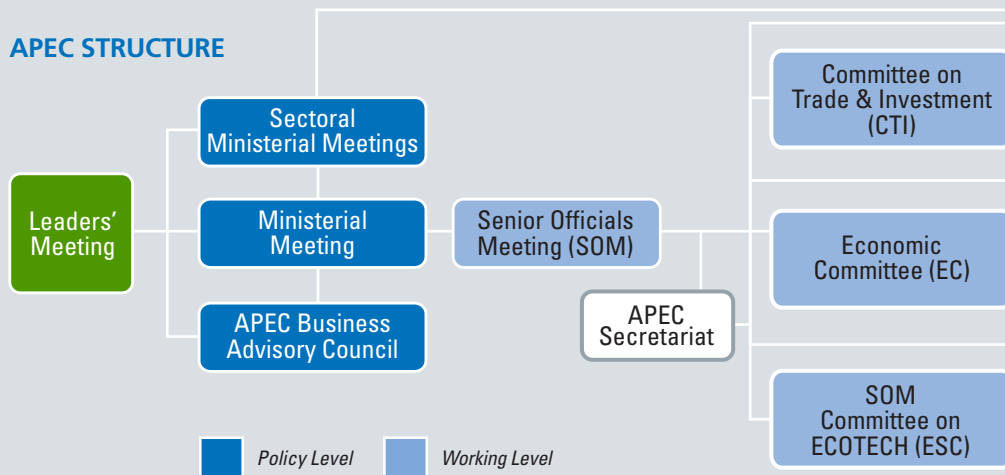
APEC progresses its agenda through a network of meetings and fora at the policy and working levels.

#### Policy Level

- Economic Leaders' Meetings are held once a year in the APEC host economy. Declarations from these meetings set the policy agenda for APEC.
- Annual APEC Ministerial Meetings of foreign and economic/trade ministers are held immediately prior to Economic Leaders' Meetings. Ministers take stock of the year's activities and provide recommendations for Economic Leaders' consideration.
- Sectoral Ministerial Meetings are held regularly, covering areas such as education, energy, environment and sustainable development, finance, health, human resource development, regional science and technology cooperation, small and medium enterprises, telecommunications and information industry, tourism, trade, transportation and women's affairs.

- ABAC provides APEC Economic Leaders with a business perspective on APEC issues through an annual meeting and report to Leaders. The annual report contains recommendations to improve the business and investment environment in the APEC region. ABAC also meets four times a year and a representative attends Ministerial Meetings.

### APEC STRUCTURE



### Working Level

- APEC's working level activities and projects are guided by the Senior Officials from the 21 APEC Member Economies and carried out by four high-level committees:

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

Sub-Committees, Experts' Groups, Working Groups and Task Forces support the activities and projects of these four high-level committees.

- Senior Officials' Meeting (SOM) - Working under direction from Ministers, Senior Officials guide the activities of the committees, working groups and task forces. Senior Officials develop recommendations for Ministers and Economic Leaders. SOM meetings are held three to four times a year with the Chair coming from the host economy.
- Committee on Trade and Investment (CTI) coordinates APEC's work on the liberalization and facilitation of trade and investment. CTI also works to reduce impediments to business activity through its sub-committees and experts' groups:
  - *Competition Policy and Deregulation Group*
  - *Government Procurement Experts' Group*
  - *Group on Services*
  - *Informal Experts' Group on Mobility of Business People*
  - *Intellectual Property Rights Experts' Group*
  - *Investment Experts' Group*
  - *Market Access Group*
  - *Strengthening Economic Legal Infrastructure Coordinating Group*
  - *Sub-Committee on Customs Procedures*
  - *Sub-Committee on Standards and Conformance*
  - *WTO Capacity Building Group*
- 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 value-added initiatives for cooperative action.

- Economic Committee (EC) conducts research on economic trends and issues in the APEC region in support of trade and investment liberalization, facilitation, ECOTECH agendas. It also serves as a forum for members to exchange information and views.
- Budget and Management Committee (BMC) advises the SOM on budgetary, administrative and managerial issues. It monitors and evaluates project management aspects of the operations of APEC fora and makes recommendations to SOM for improved efficiency and effectiveness.
- Working Groups carry out APEC's work in specific sectors as directed by Leaders, Ministers, Sectoral Ministers and Senior Officials. These groups include:
  - *Agricultural Technical Cooperation*
  - *Energy*
  - *Fisheries*
  - *Human Resources Development*
  - *Industrial Science and Technology*
  - *Marine Resource Conservation*
  - *Small and Medium Enterprises*
  - *Telecommunications and Information*
  - *Tourism*
  - *Trade Promotion*
  - *Transportation*

Working Groups (WG)

SOM Special Task Groups

Budget & Management Committee (BMC)



## APEC Secretariat

- SOM Special Task Groups - The SOM has set up Special Task Groups to identify relevant issues and make recommendations about important tasks for APEC's consideration. These groups are:

- *Counter Terrorism Task Force*
- *Electronic Commerce Steering Group*
- *Gender Focal Point Network*
- *Health Task Force*
- *Social Safety Net Capacity Building Network*

- Other Groups and Initiatives - Other APEC groups work to support APEC's goals. These groups have a unique relationship to the APEC process and do not fit into the APEC committee or working group structure. Some key APEC initiatives also fall outside this structure. These include:

- *Anti-Corruption*
- *APEC Food System*
- *APEC Study Centers Consortium*
- *Agricultural Biotechnology*
- *APEC Finance Ministers' Process*
- *Regional Trading Arrangements/Free Trade Agreements*
- *Life Sciences Innovation Forum*
- *New Economy*
- *Sustainable Development*

The APEC Secretariat is staffed by a team of 21 program directors seconded from APEC Member Economies with a similar number of specialist and administrative staff. The Executive Director and Deputy Executive Director positions rotate annually and are filled by officers of Ambassador rank from the current and incoming host economy, respectively.

The APEC Secretariat is based in Singapore and serves as the core support mechanism for the APEC process, providing procedural guidance, coordination, information and public outreach services. The Secretariat performs a project administration role, assisting fora and economies with oversight of over 230 APEC-funded projects. The Secretariat also administers APEC's annual budget.

*APEC Executive Director for 2004 (left),  
Ambassador Mario Artaza*

*APEC Executive Director for 2005 (right),  
Ambassador Choi Seok Young*

## Scope of Work

APEC operates as a cooperative forum and works in three broad areas corresponding to the Bogor Goals:

- Trade and Investment Liberalization focuses on reducing, and eventually eliminating, tariff and non-tariff barriers, resulting in economic growth and increased standards of living for all APEC members.
- Business Facilitation helps importers and exporters in Asia Pacific meet and conduct business more efficiently, thus reducing costs of production and leading to increased trade, cheaper goods and services and more employment opportunities due to an expanded economy.



## Key Action Plans

### Osaka Action Agenda

- Economic and Technical Cooperation (ECOTECH) provides training and cooperation to build capacities at the institutional and personal levels to assist APEC Member Economies and their people gain the necessary skills to take advantage of global trade and the New Economy.

Together, the outcomes of these three areas enable APEC members to strengthen their economies by pooling resources within the region and achieving efficiencies. Tangible benefits are also delivered to consumers in the APEC region through increased training and employment opportunities, greater choices in the marketplace, cheaper goods and services and improved access to international markets.

The Osaka Action Agenda mapped out a path to meet the Bogor Goals of free and open trade and investment in the Asia-Pacific region by 2010/2020. It provides a framework through a mix of individual and collective steps in liberalization, facilitation and economic-technical cooperation, underpinned by policy dialogues. As part of this framework, General Principles have been defined for member economies as they proceed through the APEC liberalization 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 WTO.
  - **Comparability** – APEC Member Economies endeavor to have comparable trade and investment liberalization 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 liberalization, 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 liberalization and facilitation process in a flexible manner, taking into account differing levels of economic development.
  - **Cooperation** – Economic and technical cooperation contributing to liberalization and facilitation is actively pursued.

### Individual and Collective Action Plans

APEC Member Economies report progress towards achieving free and open trade and investment goals through Individual and Collective Action Plans, submitted to APEC on an annual basis. Individual Action Plans (IAPs) contain a chapter for each specified policy area and report the steps that each member is taking to fulfill the objectives set out in the Osaka Action Agenda for each action area.

As specified in the Osaka Action Agenda, reporting is based on the following issue areas:

- Tariffs
- Non-tariff measures
- Services
- Investment
- Standards and Conformance
- Customs Procedures
- Intellectual Property
- Competition Policy
- Government Procurement
- Deregulation/Regulatory Review
- WTO Obligations (including 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. These Peer Reviews involve independent on-site research and analysis by a team of experts. The economy under review fields comments and questions from other APEC members and the APEC Business Advisory Council.

Collective Action Plans (CAPs) detail the joint actions of all APEC Member Economies in the same issue areas. CAPs are the compass by which APEC charts its course towards the ultimate objective of free trade and investment.



## 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. 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, organizations, business/private sector representatives, academic bodies and other experts may apply or be invited to APEC activities subject to guidelines.

### Business Participation

APEC Member Economies recognize that business drives the economies of the region and involves business at all levels of the APEC process. At the highest level, APEC Economic Leaders communicate through annual meetings with ABAC, which comprises high-level business people from all 21 APEC Member Economies.

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 direct input into APEC's ongoing work.

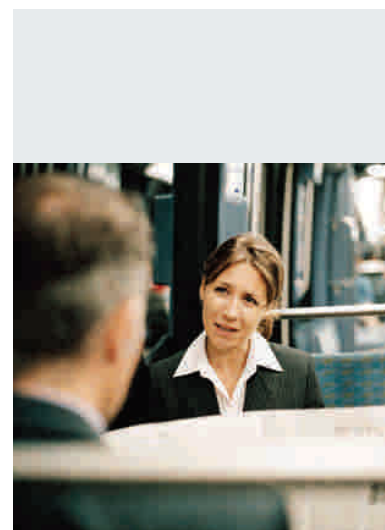
### Academic and Research Institution Participation

Through the APEC Study Centers (ASC) Consortium, APEC Member Economies 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 undertakes 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 centers and centers of academic excellence.

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 Focal Point Network, which comprises members from all 21 APEC economies, encourages the consideration of gender issues within APEC.



## Key Economic Indicators

Member Economy and Year Joined	Area ('000 sq km)	Population (million)	GDP (US\$bn)	GDP per capita (US\$)	Exports (US\$m)	Imports (US\$m)
<b>Australia (1989)</b>	7,682	19.5	622.7	30,695	70,779	93,200
<b>Brunei Darussalam (1989)</b>	6*	0.36*	5.2	14,352	3,996	1,859
<b>Canada (1989)</b>	9,971	31.3	970.3	30,439	271,572	263,324
<b>Chile (1994)</b>	757	15.6	89.3	5,571	21,461	19,413
<b>China (1991)</b>	9,561	1,294	1,601	1,227	438,473	413,096
<b>Hong Kong, China (1991)</b>	1	7	164	23,592	228,654	233,194
<b>Indonesia (1989)</b>	1,904	217.5	222	1,003	72,360	43,211
<b>Japan (1989)</b>	378	127.5	4,621.2	36,184	471,913	383,361
<b>Korea (1989)</b>	99	47.4	667.4	13,806	193,817	178,827
<b>Malaysia (1989)</b>	333	23	112.5	4,418	120,693	99,600
<b>Mexico (1993)</b>	1,973	101.8	663.1	6,377	156,422	165,410
<b>New Zealand (1989)</b>	271	3.8	92.9	23,120	16,261	18,466
<b>Papua New Guinea (1993)</b>	463*	5.7*	4.0	686	3,585	1,367
<b>Peru (1998)</b>	1,285	26.5	66.2	2,290	8,420	8,162
<b>Philippines (1989)</b>	300	78.6	84.2	1,019	43,190	47,005
<b>Russia (1998)</b>	17,075	143.8	517.8	4,016	132,089	62,869
<b>Singapore (1989)</b>	1	4.2	103.6	23,999	144,121	127,996
<b>Chinese Taipei (1991)</b>	36	22.5	307.5	13,359	144,059	127,506
<b>Thailand (1989)</b>	513	64.3	165.7	2,556	80,253	75,679
<b>United States (1989)</b>	9,373	288.5	11,750.4	39,991	724,771	1,257,121
<b>Viet Nam (1998)</b>	331	80.2	40.4	494	20,838	25,773

Area; Population

Source: *The Economist: Pocket World in Figures: 2005 Edition*

\* Source: *The APEC Region Trade and Investment 2004*

Current Price GDP; Current GDP per capita; Exports and Imports

Source: *The APEC Region Trade and Investment 2004*



### **Further Information about APEC**

Further information about APEC developments, issues and work programs can be found on the APEC Secretariat website at [www.apec.org](http://www.apec.org).

APEC publications are available for purchase or electronic copies can be downloaded from the APEC Secretariat website.

The Secretariat also produces a free, quarterly APEC E-Newsletter. It provides information on the key outcomes of the APEC process, new publications, upcoming meetings and more. To keep up to date with the latest APEC information, simply subscribe to the APEC E-Newsletter on the Secretariat's website.



## Key APEC Milestones

- 1989** **Canberra, Australia**  
APEC begins as an informal ministerial-level dialogue group with 12 members.
- 1993** **Blake Island, United States**  
APEC Economic Leaders meet for the first time and outline APEC's vision, "stability, security and prosperity for our peoples."
- 1994** **Bogor, Indonesia**  
APEC sets the Bogor Goals of "free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies."
- 1995** **Osaka, Japan**  
APEC adopts the Osaka Action Agenda (OAA) which provides a framework for meeting the Bogor Goals through trade and investment liberalization, business facilitation and sectoral activities, underpinned by policy dialogues, economic and technical cooperation.
- 1996** **Manila, The Philippines**  
The Manila Action Plan for APEC (MAPA) is adopted, outlining the trade and investment liberalization and facilitation measures to reach the Bogor Goals and the first Collective and Individual Action Plans are compiled, outlining how economies will achieve the free trade goals.
- 1997** **Vancouver, Canada**  
APEC endorses a proposal for early voluntary sectoral liberalization (EVSL) in 15 sectors and decides that Individual Action Plans should be updated annually.
- 1998** **Kuala Lumpur, Malaysia**  
APEC agrees on the first nine sectors for EVSL and seeks an EVSL agreement with non-APEC members at the World Trade Organization.
- 1999** **Auckland, New Zealand**  
APEC commits to paperless trading by 2005 in developed economies and 2010 in developing economies. APEC Business Travel Card scheme is approved and a Mutual Recognition Arrangement on Electrical Equipment and a Framework for the Integration of Women in APEC are endorsed.

## 2000 *Bandar Seri Begawan, Brunei Darussalam*

APEC establishes an electronic Individual Action Plan (e-IAP) system, providing IAPs online and commits to the Action Plan for the New Economy, which, amongst other objectives, aims to substantially increase Internet access throughout APEC region by 2005.

## 2001 *Shanghai, People's Republic of China*

APEC adopts the Shanghai Accord, which focuses on Broadening the APEC Vision, Clarifying the Roadmap to Bogor and Strengthening the Implementation Mechanism. The e-APEC Strategy is adopted, which sets out an agenda to strengthen market structures and institutions, facilitate infrastructure investment and technology for on-line transactions and promote entrepreneurship and human capacity building. APEC's first Counter-Terrorism Statement is issued.

## 2002 *Los Cabos, Mexico*

APEC adopts a Trade Facilitation Action Plan, Policies on Trade and the Digital Economy, and Transparency Standards, a series of measures to accelerate progress towards the Bogor Goals. APEC characterizes terrorism as a direct challenge to its aim of free trade in support of an open and prosperous region, and an affront to the fundamental values shared by all member economies. APEC launches the Secure Trade in the APEC Region (STAR) initiative.

## 2003 *Bangkok, Thailand*

APEC agrees to re-energize the WTO Doha Development Agenda negotiations and stresses the complementary aims of bilateral and regional trade agreements, the Bogor Goals and the multilateral trading system under the WTO. APEC dedicates itself not only to promoting the prosperity of Member Economies, but also to improving the security of the peoples of the Asia-Pacific region. APEC pledges to take specific actions to dismantle terrorist groups, eliminate the danger of weapons of mass destruction and confront other security threats. Members sign up to the APEC Action Plan on SARS and the Health Security Initiative to further protect personal security. APEC also strengthens its efforts to build knowledge-based economies, promote sound and efficient financial systems and accelerate regional structural reform.

## 2004 *Santiago, Chile*

APEC issues a strong statement of support for progress in the WTO Doha Development Agenda and sets a target date for achieving a breakthrough in negotiations: December 2005, the convening of the Sixth WTO Ministerial Conference. APEC adopts Best Practices for RTAs and FTAs, the Santiago Initiative for Expanded Trade and a Data Privacy Framework. APEC reiterates its "unmistakable resolve" to confront the threat of terrorism, and makes a political commitment to fight corruption and ensure transparency, and endorses a specific Course of Action towards this end.

A photograph of a group of people in a meeting, with the text 'APEC CONTACTS' overlaid in white. The image is a close-up of several people's faces, mostly men, looking towards the camera. The text is positioned in the center-right of the image, with a white bracket-like graphic element to its left.

# APEC CONTACTS

Inquiries about APEC may be directed to the Secretariat or to the following officials in the Member Economies:

**APEC Secretariat**

35 Heng Mui Keng Terrace  
Tel : (65) 6775 6012  
Fax : (65) 6775 6013  
E-mail : info@apcc.org

**Australia**

**Director**  
**APEC & Regional Trade Policy Branch**  
**Department of Foreign Affairs & Trade**  
R. G. Casey Building  
John-McEwen Crescent  
Barton ACT 0221  
Tel : (61-2) 6261 3535  
Fax : (61-2) 6261 3009  
E-mail : apcc@dfat.gov.au

**Brunei Darussalam**

**Head of International Relations**  
**and Trade Development Division**  
**Ministry of Industry & Primary Resources**  
Jln Menteri Besar BB 3910  
Tel : (673-2) 381 601/382-822  
Fax : (673-2) 382 846  
E-mail : irt@brunet.bn

**Department of Multilateral Economics**  
**Ministry of Foreign Affairs**  
**c/o International Convention Centre**  
Jalan Berakas  
Bandar Seri Begawan BB 3910  
Tel : (673-2) 383 200  
Fax : (673-2) 383 227  
E-mail : fadilah.ahmad@mfa.gov.bn

**Canada**

**Deputy Director, APEC Section**  
**International Economic Relations**  
**& Summit Division (EER)**  
**Department of Foreign Affairs &**  
**International Trade**  
Lester B. Pearson Building  
125 Sussex Drive, Ottawa  
Ontario K1A 0G2  
Tel : (1-613) 944 2187  
Fax : (1-613) 944 2732  
E-mail : apcc.canada@dfait-maeci.gc.ca

**Chile**

**Head, Bilateral International Economic Directorate**  
**General Directorate of**  
**International Economic Affairs**  
**Ministry of Foreign Affairs**  
Alameda B O'Higgins 20  
# 1315, 2nd Floor, Santiago  
Tel : (56-2) 565 9304  
Fax : (56-2) 696 0639  
E-mail : apccdept@direcon.cl

**Head, APEC Department**

See address details above  
Tel : (56-2) 565 9350  
Fax : (56-2) 696 0639  
E-mail : apccdept@direcon.cl

**People's Republic of China**

**APEC Senior Official**  
**Deputy Director General**  
**Department of International Organizations**  
**& Conferences**  
**Ministry of Foreign Affairs**  
No. 2 Chao Yang Men Nan Da Jie  
Beijing 100701  
Tel : (86-10) 6596 3162  
Fax : (86-10) 6596 3160  
E-mail : apcc-china@mfa.gov.cn

**Hong Kong, China**

**APEC Liaison Office**  
**Trade & Industry Department**  
**Hong Kong Special Administrative Region**  
17/F, Trade & Industry Department Tower  
700 Nathan Road, Kowloon  
Tel : (852) 2398 5535  
Fax : (852) 2787 7799  
E-mail : hkcapec@tid.gov.hk

## Indonesia

Director for Intra-Regional Cooperation,  
Asia Pacific & Africa

Department of Foreign Affairs

Jln. Taman Pejambon No. 6

Jakarta Pusat Jakarta10110

Tel : (62-21) 381 1083

Fax : (62-21) 384 4867

E-mail : dirhenb@deplu.go.id  
dithenb@deplu.go.id

## Japan

Director

APEC Division

Ministry of Foreign Affairs

2-11-1 Kasumigaseki, Chiyoda-ku

Tokyo 100-8919

Tel : (81-3) 5501 8342

Fax : (81-3) 5501 8340

E-mail : hiroyuki.minami@mofa.go.jp

cc : apec.japan@oregano.ocn.ne.jp

Director

APEC Office

Trade Policy Bureau

Ministry of Economy, Trade & Industry

1-3-1, Kasumigaseki, Chiyoda-ku

Tokyo 100-8901

Tel : (81-3) 3501 1655

Fax : (81-3) 3501 1592

E-mail : takagi-seiji@meti.go.jp

cc : apec-meti@meti.go.jp

## Republic of Korea

Director for APEC

Ministry of Foreign Affairs & Trade

95-1 Doryum-dong

Jongno-gu, Seoul 110-760

Tel : (82-2) 2100 7652

Fax : (82-2) 2100 7980

E-mail : apeco@mofat.go.kr

## Malaysia

Director

APEC Division

Ministry of International Trade & Industry

5th Floor, Block 10, Government Offices Complex

Jalan Duta, 50622 Kuala Lumpur

Tel : (60-3) 6203 1294

Fax : (60-3) 6203 1305

E-mail : jayasiri@miti.gov.my

## Mexico

Director General for Multilateral &  
Regional Negotiations

Ministry of the Economy

Alfonso Reyes #30 – 1st Floor

Col. Condesa, Del. Cuauhtemoc

C.P. 06400 Mexico D.F.

Tel : (52-55) 5729 9158

Fax : (52-55) 5729 9313

E-mail : apecmx@economia.gob.mx  
apecmex@hotmail.com

## New Zealand

New Zealand APEC Senior Official

Ministry of Foreign Affairs & Trade

Private Bag 18901, Wellington

Tel : (64-4) 439 8183

Fax : (64-4) 439 8545

E-mail : nzappec@mft.govt.nz

## Papua New Guinea

Director-General (PNG APEC Secretariat)

Department of Prime Minister &

National Executive Council

Marauta Haus

P. O. Box 639, Waigani 131 N.C.D

Tel : (675) 327 6684/6574

Fax : (675) 323 3903

E-mail : apecpng@global.net.pg

## Peru

Senior Official of Peru to APEC

Director of Asia & Oceania Affairs

Ministry of Foreign Affairs

Jr. Lampa No. 545, 4th Floor

Lima 1

Tel : (51-1) 311 2573

Fax : (51-1) 311 2564

E-mail : jcapunay@rree.gob.pe  
rcasildo@rree.gob.pe

## Republic of the Philippines

Acting Senior Official for APEC

Special Assistant - Office of the Undersecretary

for International Economic Relations and

APEC National Secretariat

Department of Foreign Affairs

14/F Floor, DFA Bldg.

2330 Roxas Blvd., Pasay City 1300

Metro Manila

Tel : (63-2) 834 3019/834 3058

Fax : (63-2) 834 1451

E-mail : amstacatalina@dfa.gov.ph

cc : apecphil@yahoo.com

## The Russian Federation

APEC Senior Official

Ministry of Foreign Affairs

32/34 Smolenskaya-Sennaya

121200 Moscow

Tel : (7-095) 244 4128

Fax : (7-095) 244 3917

E-mail : apec.russia@mid.ru

### Singapore

Permanent Secretary &  
APEC Senior Official  
Ministry of Trade & Industry  
100 High Street #09-01  
The Treasury  
Singapore 179434  
Tel : (65) 6332 7207  
Fax : (65) 6334 8152  
E-mail : MTI\_APEC@mti.gov.sg

### Chinese Taipei

Director General  
Department of International Organizations  
& APEC Senior Official  
Ministry of Foreign Affairs  
2 Kaitakelan Blvd., Taipei  
Tel : (886-2) 2348 2550  
Fax : (886-2) 2382 1174  
E-mail : apecct@mofa.gov.tw  
lhchuang@mofa.gov.tw

### Thailand

Director-General  
Department of International Economic Affairs  
Ministry of Foreign Affairs  
Sri Ayudhya Road, Ratchatewee  
Phayathai Bangkok 10400  
Tel : (66-2) 643 5255  
Fax : (66-2) 643 5247  
E-mail : apecdesk@mfa.go.th

### United States of America

Director  
Office of Economic Policy  
Bureau of East Asian & Pacific Affairs  
EAP/EP, Room 5317  
U.S. Department of State  
Washington, D.C. 20520-6310  
Tel : (1-202) 647 4835  
Fax : (1-202) 647 0136  
E-mail : PalmerVE@state.gov  
dosapecc@state.gov

### Viet Nam

Deputy Director General  
Multilateral Trade Policy Department  
Ministry of Trade of Vietnam  
31 Trang Tien Street  
Ha Noi  
Tel : (84-4) 8256 776  
Fax : (84-4) 8264 696  
E-mail : apec@mot.gov.vn  
apec@mofa.gov.vn

### APEC Official Observers

### Association of South East Asian Nation (ASEAN) Secretariat

Director for the Bureau of Economic Cooperation  
The ASEAN Secretariat  
70A Jalan Sisingamangaraja  
P. O. Box 2072, Kebayoran Baru  
Jakarta, Indonesia  
Tel : (62-21) 726 2991 ext. 361  
Fax : (62-21) 739 8234  
E-mail : vinh@aseansec.org

### Pacific Economic Cooperation Council (PECC)

Director General  
PECC International Secretariat  
4 Nassim Road  
Singapore 258372  
Tel : (65) 6735 1801  
Fax : (65) 6737 9824  
E-mail : peccsec@pecc.net

### Pacific Islands Forum (PIF)

Director, Trade and Investment Division  
Pacific Islands Forum Secretariat  
Ratu Sukuna Road  
GPO Box 856  
Suva, Fiji  
Tel : (679) 3312 600  
Fax : (679) 3305 573  
E-mail : jaindrak@forumsec.org.fj





# ABBREVIATIONS

## ABBREVIATIONS

<b>ABAC</b>	APEC Business Advisory Council	<b>EU REACH</b>	European Union Registration, Evaluation and Authorization of Chemicals
<b>ABTC</b>	APEC Business Travel Card	<b>EVSL</b>	Early Voluntary Sectoral Liberalization
<b>ACBD</b>	APEC Customs-Business Dialogue	<b>EWG</b>	Energy Working Group
<b>ACT</b>	Anti-Corruption and Transparency	<b>FAO</b>	Food and Agriculture Organization
<b>ADB</b>	Asian Development Bank	<b>FMP</b>	Finance Ministers' Process
<b>AFS</b>	APEC Food System	<b>FTAs</b>	Free Trade Agreements
<b>APEC</b>	Asia Pacific Economic Cooperation	<b>FWG</b>	Fisheries Working Group
<b>API</b>	Advanced Passenger Information	<b>GATS</b>	General Agreement on Trade in Services
<b>APIAN</b>	APEC International Assessment Network	<b>GFPN</b>	Gender Focal Point Network
<b>ASC</b>	APEC Study Centers	<b>GHS</b>	Globally Harmonized Standard
<b>ASEAN</b>	Association of South-East Asian Nations	<b>GOS</b>	Group on Services
<b>ATCWG</b>	Agricultural Technical Cooperation Working Group	<b>HLPDAB</b>	High Level Policy Dialogue on Agricultural Biotechnology
<b>BMC</b>	Budget and Management Committee	<b>HRDWG</b>	Human Resources Development Working Group
<b>CAPs</b>	Collective Action Plans	<b>IAP</b>	Individual Action Plan
<b>CERT</b>	Computer Emergency Response Teams	<b>IEG</b>	Investment Experts' Group
<b>COA</b>	Course of Action	<b>IEGBM</b>	Informal Experts Group on Business Mobility
<b>CTI</b>	Committee on Trade and Investment	<b>IFIs</b>	International Financial Institutions
<b>CTTF</b>	Counter-Terrorism Task Force	<b>ILO</b>	Immigration Liaison Officer
<b>DDA</b>	Doha Development Agenda	<b>IOM</b>	Integrated Oceans Management Forum
<b>EC</b>	Economic Committee	<b>IP</b>	Intellectual Property
<b>ECOTECH</b>	Economic and Technical Cooperation	<b>IPEG</b>	Intellectual Property Experts Group
<b>ECSG</b>	Electronic Commerce Steering Group	<b>IPR</b>	Intellectual Property Rights
<b>EDNET</b>	Education Network	<b>ISPS</b>	International Ship and Port Security
<b>EDTF</b>	Expanded Dialogue on Trade Facilitation	<b>IUU</b>	Illegal, Unreported and Unregulated
<b>e-IAP</b>	electronic Individual Action Plan	<b>MAG</b>	Market Access Group
<b>ESC</b>	SOM Committee on Economic and Technical Cooperation	<b>MANPADS</b>	Man-Portable Air Defence Systems
<b>ESI</b>	Energy Security Initiative		

## ABBREVIATIONS

---

<b>MAPA</b>	Manila Action Plan for APEC	<b>SMEWG</b>	Small and Medium Enterprises Working Group
<b>ME</b>	Micro-Enterprise	<b>SMTE</b>	Small and Medium Tourism Enterprises
<b>MESG</b>	Micro-Enterprise Sub Group	<b>SOD</b>	Seoul Oceans Declaration
<b>MRA</b>	Mutual Recognition Arrangement	<b>SOM</b>	Senior Officials' Meeting
<b>MRCWG</b>	Marine Resource Conservation Working Group	<b>SSN CBN</b>	Social Safety Net Capacity Building Network
<b>MRTDs</b>	Machine Readable Travel Documents	<b>STAR</b>	Secure Trade in APEC Region
<b>NFMD</b>	Non Ferrous Metals Dialogue	<b>TBT</b>	Technical Barriers to Trade
<b>NGN</b>	Next Generation Networks	<b>TEL</b>	Telecommunications and Information Working Group
<b>NTMs</b>	Non-tariff Measures	<b>TFAP</b>	Trade Facilitation Action Plan
<b>OAA</b>	Osaka Action Agenda	<b>TILF</b>	Trade and Investment Liberalization and Facilitation
<b>OECD</b>	Organization for Economic Cooperation and Development	<b>TPO</b>	Trade Promotion Organizations
<b>RMAL</b>	Regional Movement Alert List	<b>TPTWG</b>	Transportation Working Group
<b>ROO</b>	Rules of Origin	<b>TRIPS</b>	Trade-Related Aspects of Intellectual Property
<b>RTAs</b>	Regional Trading Arrangements	<b>TWG</b>	Tourism Working Group
<b>S&amp;T</b>	Science and Technology	<b>UNCAC</b>	United Nations Convention Against Corruption
<b>SARS</b>	Severe Acute Respiratory Syndrome	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>SCCP</b>	Sub-Committee on Customs Procedures	<b>WCBG</b>	WTO Capacity Building Group
<b>SCSC</b>	Sub-Committee on Standards and Conformance	<b>WGTP</b>	Working Group on Trade Promotion
<b>SELI</b>	Strengthening Economic Legal Infrastructure	<b>WTO</b>	World Trade Organization
<b>SME</b>	Small and Medium Enterprises	<b>WTTC</b>	World Travel and Tourism Council



**Asia-Pacific  
Economic Cooperation**

35 Heng Mui Keng Terrace  
Singapore 119616  
Tel: (65) 6775 6012  
Fax: (65) 6775 6013  
[info@apec.org](mailto:info@apec.org)

[www.apec.org](http://www.apec.org)