



**Asia-Pacific
Economic Cooperation**



A Mid-term Stocktake of Progress Towards the Bogor Goals

Busan Roadmap to the Bogor Goals

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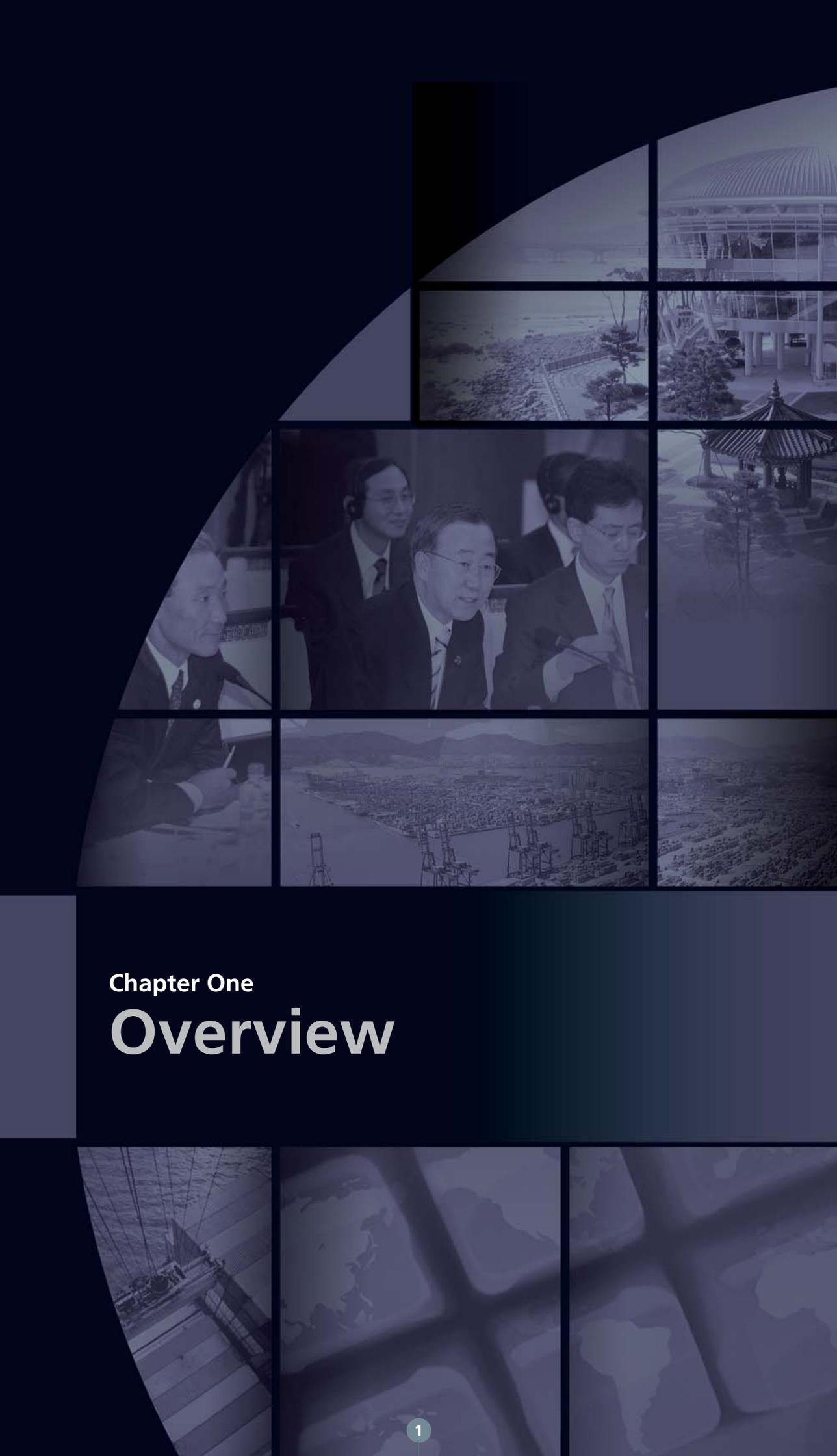
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Chapter One

Overview

The Bogor Declaration

In 1994, APEC Leaders agreed in the Bogor Declaration to a common goal of free and open trade and investment in the Asia-Pacific region - by 2010 for industrialised economies and 2020 for developing economies. These targets became known as the Bogor Goals.

The Declaration gave a sharp focus to the vision of regional economic cooperation that had driven APEC's creation five years earlier, and set an ambitious target for APEC economies' emerging trade and investment work program. It reflected the basic principles of APEC cooperation: voluntary participation, comprehensiveness, mutual respect and consensus-based decision making.

In adopting the Bogor Goals, APEC Leaders made two key commitments:

- Free and open trade and investment in the Asia-Pacific should encourage and

strengthen trade and investment liberalization in the world as a whole. APEC must not be an inward-looking trading bloc that diverts from the pursuit of global free trade.

- Trade liberalization efforts alone are insufficient to generate trade expansion. Trade and investment facilitation must also be expanded and accelerated to further promote the flow of goods, services, and capital among APEC economies.

The mid-term stocktake (MTST) commissioned by APEC Leaders in 2001, assesses how far APEC has moved towards the Bogor Goals and what further actions are needed to reach the target. The MTST is based on the self-assessment reports from 21 member economies and the expert analysis thereon as well as the results from the MTST symposium held in May 2005.

The Impact of the Bogor Goals

Eleven years later, the Bogor Goals remain a key organising principle for APEC and the driving force behind its trade and investment liberalisation and facilitation work program. Driven by this shared commitment, the APEC region has emerged as the engine of world economic growth over the last decade, outpacing the rest of the world in opening itself to international trade and investment and increasing its share of global output and trade as a result.

The results of the Stocktake demonstrate that APEC economies have achieved significant liberalisation and facilitation of trade and investment since 1994. Multilateral, regional, bilateral and unilateral initiatives all have contributed to a more open regional

environment. Tariff and non-tariff barriers have been removed in many cases and lowered in many others, though liberalisation has clearly been more successful in some sectors than others. Foreign investment has been liberalised. Outcomes in a range of other areas designated by the Osaka Action Agenda (OAA), such as services, competition policy, intellectual property rights and customs procedures have improved. Economic and technical co-operation (ECOTECH) activities have developed in parallel to the progress made on the liberalisation and facilitation fronts. The rewards from these policy choices have been substantial and have contributed to sustained economic growth and significant welfare improvements in the region.

The Evolving International Trade Environment

These achievements are significant and should be recognised as such, and APEC's progress towards trade liberalization must be maintained and strengthened. However, as the global economy and the world trading system have changed significantly since 1994, an assessment of progress towards the Bogor Goals now also has to take into account factors such as:

- the negotiations under the Doha Development Agenda (DDA), launched in 2001, which have now entered a critical phase
- the globalisation of business accelerating the movement of people, goods, services, and capital in the region

- the widening international trade and investment agenda that is now more focused on issues such as business mobility, anti-corruption, intellectual property rights and secure trade
- the rapid spread of free trade agreements seen by most APEC members as one means to accelerate economic development as well as trade and investment liberalization and facilitation
- the additional challenges imposed on trade and investment through the changing international security environment

Commitment to the Bogor Goals

As the process of globalisation unfolds and regional integration intensifies, new ways of conducting business are emerging and new barriers to trade and investment, both actual and potential, are surfacing.

It is important that APEC does not interpret the goals of free and open trade and investment in a finite or static manner. The expanding international trade agenda has since 1994 broadened to include not only border issues directly related to trade liberalization, but also facilitation and behind-the-border¹ issues such as standards and

conformance, customs procedures, e-commerce and business mobility. Only in recognising this reality and the fact that the environment for trade is constantly evolving, will APEC be able to adapt its focus accordingly and continue to deliver concrete and commercially relevant outcomes in the years ahead to realise the Bogor Goals.

While recognizing that the Bogor Goals are dynamic, APEC Leader's pledge in 1994 to achieve free and open trade must be maintained.

Key Tasks

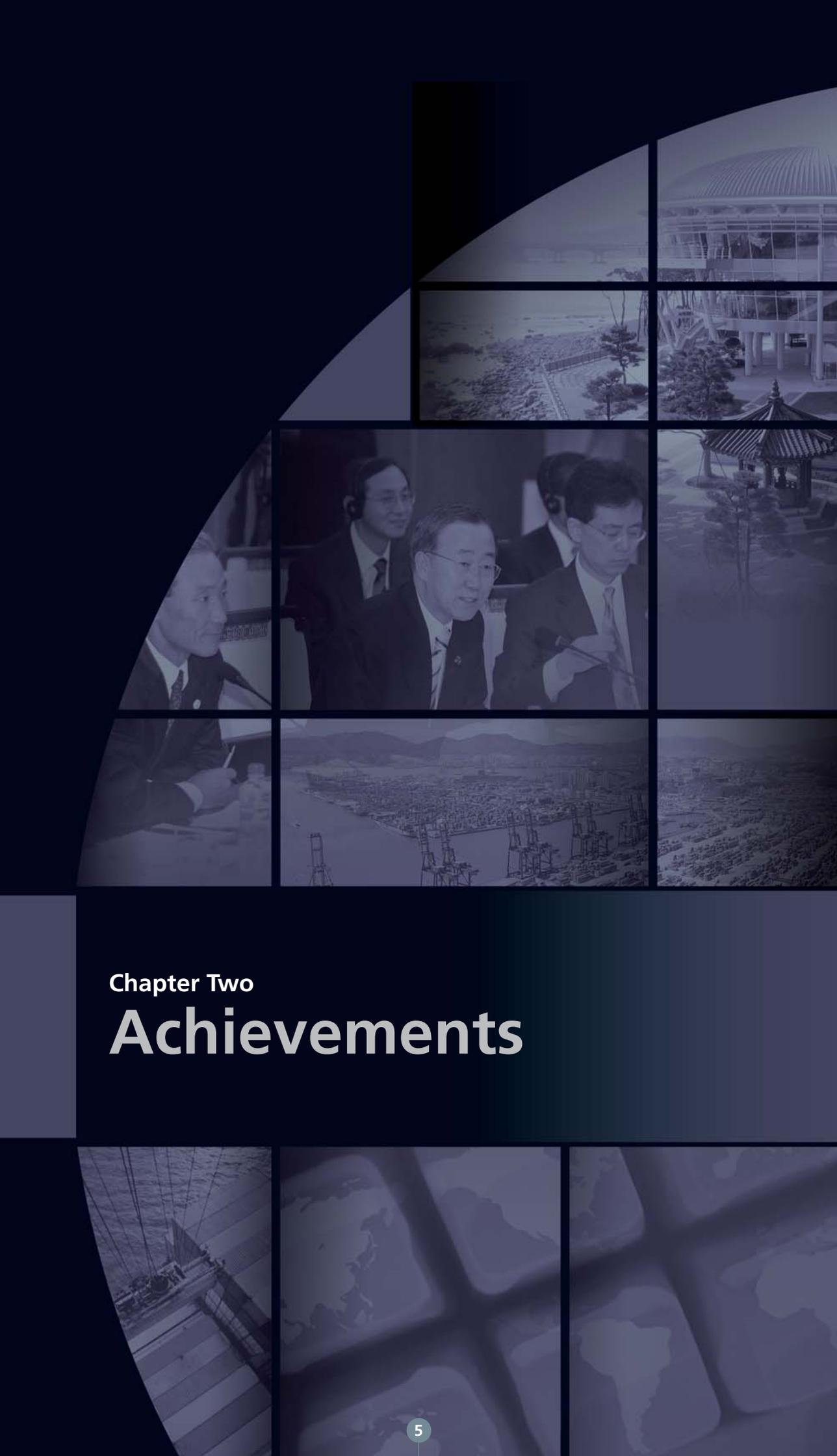
APEC must revitalise its current agenda in order to meet the challenges presented by the changing regional and global business environment. Key components of a future APEC agenda should involve:

- continuing work on the World Trade Organisation (WTO)
- more ambitious and effective Collective Action Plans (CAPs) and Individual Action Plans (IAPs) with strengthened implementation and review processes

- a more intensive focus on trade and investment facilitation and improving the business environment behind the border
- more focused and action-oriented cooperation on ECOTECH and a strategic approach to capacity building
- a comprehensive workplan on RTAs/FTAs

¹ Behind-the-border issues arise from economic and social policies concerned primarily with the internal regulation of an economy and the institutions required implementing and enforcing them. They include laws, policies and regulations and practices administering competition, consumer protection, education, government procurement, judicial systems, health services, infrastructure problems, investment regulation, labour market policies, protection of intellectual property rights, standards, structural reform, taxation, transparency, etc. Some of these laws and policies may also have an effect on foreigners wishing to engage in economic activities within the economy.



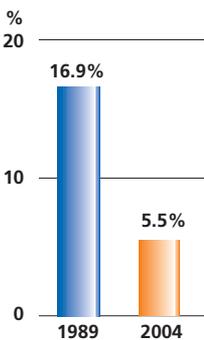


Chapter Two

Achievements

Trade and Investment Barriers have Fallen

Average Applied Tariff Rates of APEC Economies 1989-2004



The Mid-Term Stocktake has identified an array of APEC economies' achievements in the areas of trade and investment liberalisation and facilitation. Guided by the Bogor Goals, APEC economies have outpaced the rest of the world over the last decade-and-a-half in opening their markets to international trade and investment, resulting

in higher than average economic growth in the region.

More importantly, this growth has accompanied significant improvements in governance and social policy, resulting in greatly improved health and welfare outcomes for their citizens.

Tariffs and Non-tariff Measures

Average applied tariffs of APEC economies have been reduced significantly since APEC's inception, from 16.9 per cent in 1989 to 5.5 per cent in 2004. Almost half of all APEC economies' tariff lines are at less than 5 per cent, and tariffs on many goods are now set at zero or negligible levels. Tariff information has been available "on-line" in most APEC economies since 1996, enhancing transparency across the region. The APEC Secretariat maintains an APEC Tariff Database which provides an on-line service for information on-line by line tariff rates, related customs information and links to member economies' tariff and trade statistics. A range of non-tariff barriers including quotas, import and export levies and licensing and export subsidies have also been removed or converted into tariffs within the Asia-Pacific region since APEC's inception. This has resulted in reduced overall levels of protection and increased transparency of trade regimes. The major challenges remaining for APEC in this area are to continue to liberalize tariffs and non-tariff measures in line with the Bogor Goals.

Trade in Services

There has been substantial growth in services trade among APEC member economies over the past decade. A vibrant regional market for services has emerged due to the efforts of individual APEC economies to eliminate market access restrictions, extend national treatment and MFN, pursue a process of deregulation and de-bureaucratisation and enhance domestic capacity building. Some of this progress on services has been made legally enforceable through commitments in the GATS. However, further progress is needed, including high quality services offers from APEC member economies in the WTO Doha Round and substantial services liberalization through FTAs.

Investment

The APEC region has become much more open to foreign direct investment (FDI) due to members' efforts to eliminate barriers and improve measures for promoting investment. Administrative procedures including investment screening have also been simplified in a number of economies. The APEC Non-Binding Investment Principles (NBIP), adopted in 1994, has served as a reference for APEC members to make the region more open to foreign investment. However, progress in moving towards Bogor deadlines for investment has been uneven. Although 100 per cent foreign ownership is permitted in many APEC economies for most types of investment, caps on foreign ownership in key sectors are common. More needs to be accomplished, particularly in reducing restrictions on foreign ownership in key sectors.

Trade and Investment Facilitation

More importantly, APEC has shown a willingness to tackle other significant non-border barriers to trade and investment beyond the formal WTO agenda as reflected in the 2002 Trade Facilitation Action Plan (TFAP) for reducing the costs of trading and the Santiago Initiative for Expanding Trade in APEC adopted in 2004. While work in some areas is at a more formative stage, collective action to promote paperless trading, transparency, business mobility, alignment of standards with international standards, improved competition and anti-corruption policies and regulatory reform is now a feature of APEC's trade and investment facilitation work program.

High-quality RTAs/FTAs

APEC has led the world in recognising and developing the link between high-quality RTAs/FTAs and the broader trade and investment liberalisation and facilitation agenda. APEC Leaders and Ministers have repeatedly referred to the constructive role that RTAs/FTAs can play in contributing to the Bogor Goals and accelerating the WTO process, while recognising the necessity for such agreements to be WTO consistent, comprehensive, transparent and truly trade-liberalising as described in the 2004 APEC Best Practice for RTAs/FTAs. RTAs/FTAs can also have a positive flow-on effect on trade liberalisation by demonstrating the advantages of opening markets. As more

APEC economies have sought to use RTAs/FTAs to liberalise their economies and pursue their development ambitions, APEC has accelerated its work in this area to encourage members to conclude comprehensive, high-quality agreements to maximise their contribution to achieving the Bogor Goals. Ministers and Leaders endorsed the APEC Best Practice for RTAs/FTAs in November 2004 and work has commenced in 2005 on model measures for trade facilitation in RTAs/FTAs. In addition, APEC economies seek to promote high-quality FTAs through targeted programs of technical assistance and capacity building.

APEC has Strengthened the Multilateral Trading System

APEC, which represents close to 50 per cent of world trade and almost 60 per cent of global GDP, has consistently lent its weight to pushing forward WTO negotiations. APEC was a significant force in bringing the Uruguay Round negotiations to a conclusion, and has played a similarly positive role in progressing the Doha Round. Recent examples include: the APEC Ministerial Meetings and Leaders' Declaration in October 2003 which re-energised the Doha Round following the setback at Cancun; the strong 2004 Ministers Responsible for Trade statement in the lead-up to the July package, including an agreement that trade facilitation be launched as a negotiating item in the Doha Round; the 2004 APEC Ministerial Joint Statement identifying three new information technology products to forward to the WTO for

consideration and possible tariff elimination in the context of a balanced outcome of negotiations; the 2005 intersessional Ministerial statement on services; and the breakthrough agreement of APEC Ministers Responsible for Trade in June 2005 endorsing a Swiss formula for tariff reductions on non-agricultural goods.

APEC's impressive record in dealing with trade facilitation issues and tackling non-border barriers to trade and investment beyond the formal WTO agenda has resulted in elevating some of these issues into the global trade negotiations agenda. It has also fostered ideas and programs for the WTO such as the Information Technology Agreement.

Economic and Technical Cooperation (ECOTECH)

APEC has also led the way in linking closely economic and technical cooperation (ECOTECH) with trade and investment liberalisation and facilitation. With a firm belief that trade and investment liberalization progresses at a faster pace with capacity building, APEC has played a constructive capacity building role, helping to reduce technological gaps between its members, foster sustainable development and achieve greater common prosperity. ECOTECH activities have included fostering of human resources and improvements in systems supporting trade and investment flows with particular emphasis on trade facilitation, technical collaboration, the digital economy and small and medium enterprises. They have been funded collectively through the APEC budget and unilaterally by economies in a position to do so.

Trade and investment flows have grown

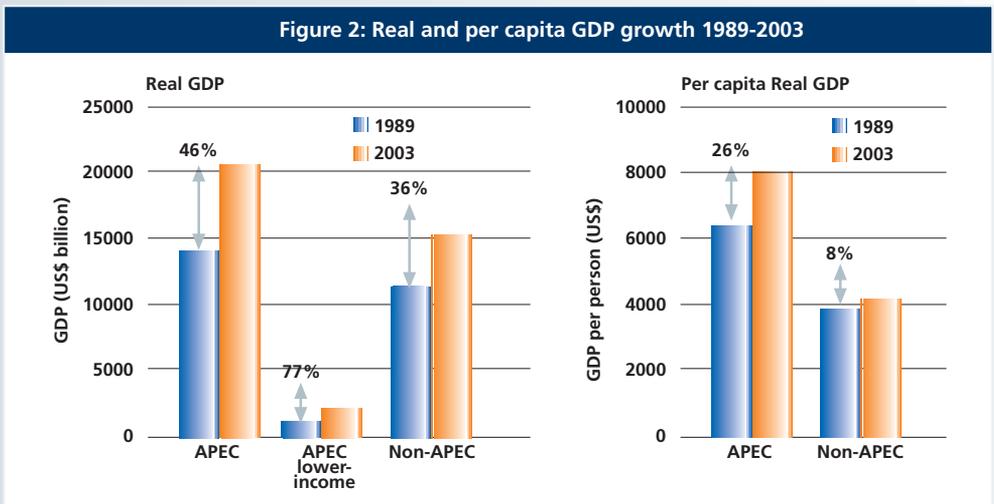
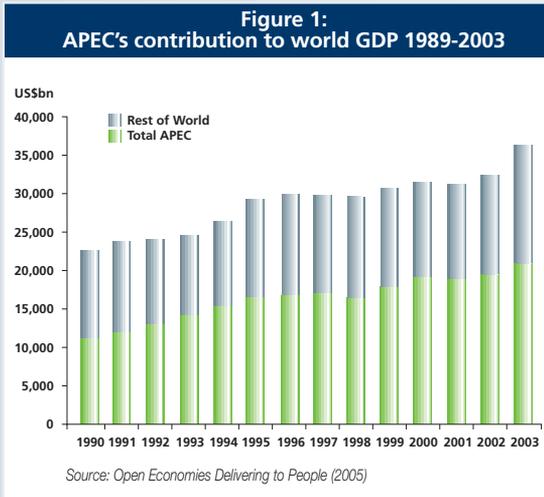
Reductions in tariff, non-tariff and behind-the-border barriers have correlated directly with increased trade and investment flows in the APEC region. In dollar terms, intra-APEC trade in goods and services more than tripled between 1989 and 2003, and account for an ever-growing share of APEC economies' GDP (18.5 per cent in 2003, compared to 13.8 per cent in 1989). Trade in services for the APEC region as a whole more than doubled over the same period. Trade between APEC economies and the rest of the world has also strengthened, with exports more than doubling since APEC was formed.

Foreign investment flows have also increased, supplementing domestic savings and facilitating transfer of technology, skills, and improved production processes. Foreign Direct Investment outflows from the APEC region more than doubled from 1989 to 2003, while inflows increased more than five-fold to a maximum of \$565 billion in 2000, before falling off considerably to a level still some 50 per cent higher than in 1989. APEC

economies accounted for 28 per cent of world FDI inflows and 42 per cent of FDI inward stocks in 2003. Lower-income economies were particular beneficiaries of foreign direct investment, with inflows into these economies remaining positive even during the Asian financial crisis.

Trade and investment policy has generated economic growth

APEC economies have grown strongly since the inception of APEC, making up 61 per cent of world growth from 1989 to 2003. By 2003, APEC economies made up 57 per cent of the world economy. Real GDP in the APEC region grew by 46 per cent between 1989 and 2003, compared to 36 per cent for non-APEC economies over the same period. APEC's lower income economies have grown particularly strongly, with real GDP increasing by 77 per cent since APEC's inception. Per capita GDP has increased at similarly impressive rates, growing by 26 per cent between 1989 and 2003 (or about 1.7 per cent per year) compared to 8 per cent for non-APEC economies. (see Figures 1 and 2).



Employment grew by 18 per cent in the APEC region between 1990 and 2002. While unemployment edged slightly higher over this period, it remains at a particularly low level given the negative impact of the Asian financial crisis on employment in some APEC economies. Unemployment in the APEC region averaged 4.3 per cent in 2003, compared to the world average of 6.2 per cent.

International Openness

Commentators on international economic affairs generally agree that the APEC region is significantly more open to international trade than the rest of the world. Improvement in this regard has been particularly notable among APEC developing economies.

APEC economies' impressive trade and investment liberalisation and facilitation gains are largely a result of each individual economy's policy choices. Economies have chosen to liberalise their trade and investment regimes based on the potential gains of such policy actions. However, APEC's work has also made a significant contribution to this process. It has promoted multilateralism through its commitment to open economies, and its efforts have helped set the agenda for WTO negotiations and the promotion of regional goodwill and cooperation by providing a forum for Leaders and Ministers to discuss key issues and develop strategies to address them. It has also provided a forum for discussion and of commitment to the benefits of open markets.



Chapter Three

Opportunities and Challenges Ahead

The Stocktake clearly demonstrates that APEC has played an active and supportive role in sustainable economic development and growth in the region. All APEC economies are making genuine efforts, individually and collectively, to reduce impediments to international commerce, and are all making real progress towards the Bogor Goals. The Stocktake also concludes that the Bogor Goals remain as relevant today as when first agreed by APEC Leaders in 1994, even within a changing business environment. APEC economies should use this opportunity to renew with vigour their joint commitment to these Goals and the principle of open economies.

APEC economies should also recognise that while the Goals remain valid, the trade and

investment policy landscape has changed considerably since the Bogor commitment was made. Today, the definition of free and open trade and investment is much more ambitious and complex. More importantly, there is now broad acceptance that openness is good for an economy. APEC developing economies have led the way in demonstrating to the broader international economic community the benefits of outward-looking systems. Reducing tariff and non-tariff barriers and further improving market access remain priorities for APEC. However, at the same time, policy attention is increasingly shifting beyond border measures to behind-the-border market conditions such as intellectual property rights, government procurement, competition policy, good regulatory practice and anti-corruption.

Features of the new business environment: an ABAC view

In its contribution to the Mid-term Stocktake, the APEC Business Advisory Council identified a range of features associated with the new business environment. These included:

- Rapid global economic integration
- Expansion of information technology
- Spread of RTAs and FTAs
- Diminished regional business confidence following the Asian financial crisis
- Changing demographics in certain APEC economies
- Increased importance of trade in services and intellectual property
- Growing importance of sustainable development in the region
- Threats of regional and global crises, including the rise in terrorism, epidemics such as SARS and bird flu and natural disasters such as earthquakes and tsunamis
- Increased volatility of energy prices and supply, which has a disruptive effect on APEC economies as a whole

Trade in services represents the fastest growing component of global trade, with significantly increasing contributions to individual economies' GDP, employment and investments and to the future growth and development of the Asia-Pacific region. Increasing globalization of production and regional economic integration will no doubt continue to expand the international trade and investment policy agenda.

The ABAC list of features of the new business environment illustrates clearly how essential it is for APEC economies to accept that new issues will continue to arise, and that there will always be new challenges ahead. The pursuit of free and open trade and investment is demanding and requires ongoing commitment.

A Consensus-based and Non-binding Forum

One of APEC's strengths is that it is a flexible forum in which decisions are consensus-based and non-binding. APEC must remain focused on its institutional strengths and comparative advantage in promoting policy development aimed at openness, transparency, and improved regulatory practices.

From an organisational perspective, APEC needs to respond to the challenges of the new business environment in a range of different ways. Member economies must be more committed to implement APEC decisions and these decisions must be supported by more effective, targeted and demand-driven capacity-building. The IAP process can be fine-tuned to make it more efficient and

effective in helping economies monitor progress towards the Bogor Goals.

APEC must also lift its performance as an organisation through closer cooperation and prioritisation across fora. To assist APEC fora and sectoral ministerial processes to work in closer alignment with Leaders' priorities and to improve the organisation's strategic focus, APEC Senior Officials will provide more direction to APEC's work and in particular, apply greater attention to its oversight role. Strategies are currently being developed to ensure APEC's financial sustainability, enhance APEC's efficiency and reinforce a culture of ongoing institutional improvement and reform.

Supporting the Multilateral Trade Negotiations

As a region of global traders, with a large stake in the world trading system, APEC places high priority on the effective functioning of the WTO. Without a timely and positive outcome to the Doha Development Agenda, regional aspirations for a freer trade and investment environment will be challenged.

Given its ability to make trade-offs across sectors, the WTO DDA negotiations represent the best channel for addressing many of

these complex issues at the present time. Reflecting this, it will be important for APEC to continue to provide strong support for the WTO's work. APEC, however, must also spare no effort to push for greater market openness through its Individual Action Plans (IAPs) and Collective Action Plans (CAPs). So far, these two vehicles have underpinned APEC's successes by sustaining a steady momentum of concerted unilateral and collective trade liberalisation.

ECOTECH and Capacity Building

Achievement of the Bogor Goals and APEC's vision of a commonly prosperous region will require a renewed focus on APEC's third pillar: ECOTECH and capacity building.

ECOTECH is the pursuit of APEC's common objectives and goals through comprehensive and effective economic and technical cooperation. These activities are aimed at promoting sustainable growth and equitable

development, while reducing economic disparities among APEC economies. Recognising the central importance of this cooperative capacity building effort, APEC economies are committed to using and developing skills and other resources from all APEC economies through better focused and, more targeted economic and technical cooperation.



The Spread of Free-trade Agreements

As of 1 July 2005, at least 180 free-trade agreements and regional trade agreements (RTAs/FTAs) have entered into force, 53 of them undertaken by APEC members. An important trade policy feature in all APEC economies is their determination to liberalise trade and investment through free-trade agreements. Economies share the conviction that for RTAs/FTAs to contribute to broader trade liberalisation and progress towards Bogor they must be of high quality,

transparent and broadly consistent in their rules. As a result, APEC members are encouraged to implement the APEC Best Practice for RTAs/FTAs by using it as a meaningful reference when undertaking RTAs/FTAs negotiations. APEC needs to continue to find ways to promote best practice in this area and to ensure that RTAs/FTAs help lower the cost to business of trading internationally.

Strengthening APEC's Work on Investment

Investment does not figure fully on the WTO agenda, but it is critically important to economic development and growth in the region and will remain an essential part of the APEC agenda. APEC Ministers adopted a set of Non-Binding Investment Principles in 1994. Since then, many APEC economies

have liberalised their policies on international investment, making them more consistent with these Principles. In this regard, member economies are encouraged to further implement the Principles aimed at increased investment liberalization and facilitation.

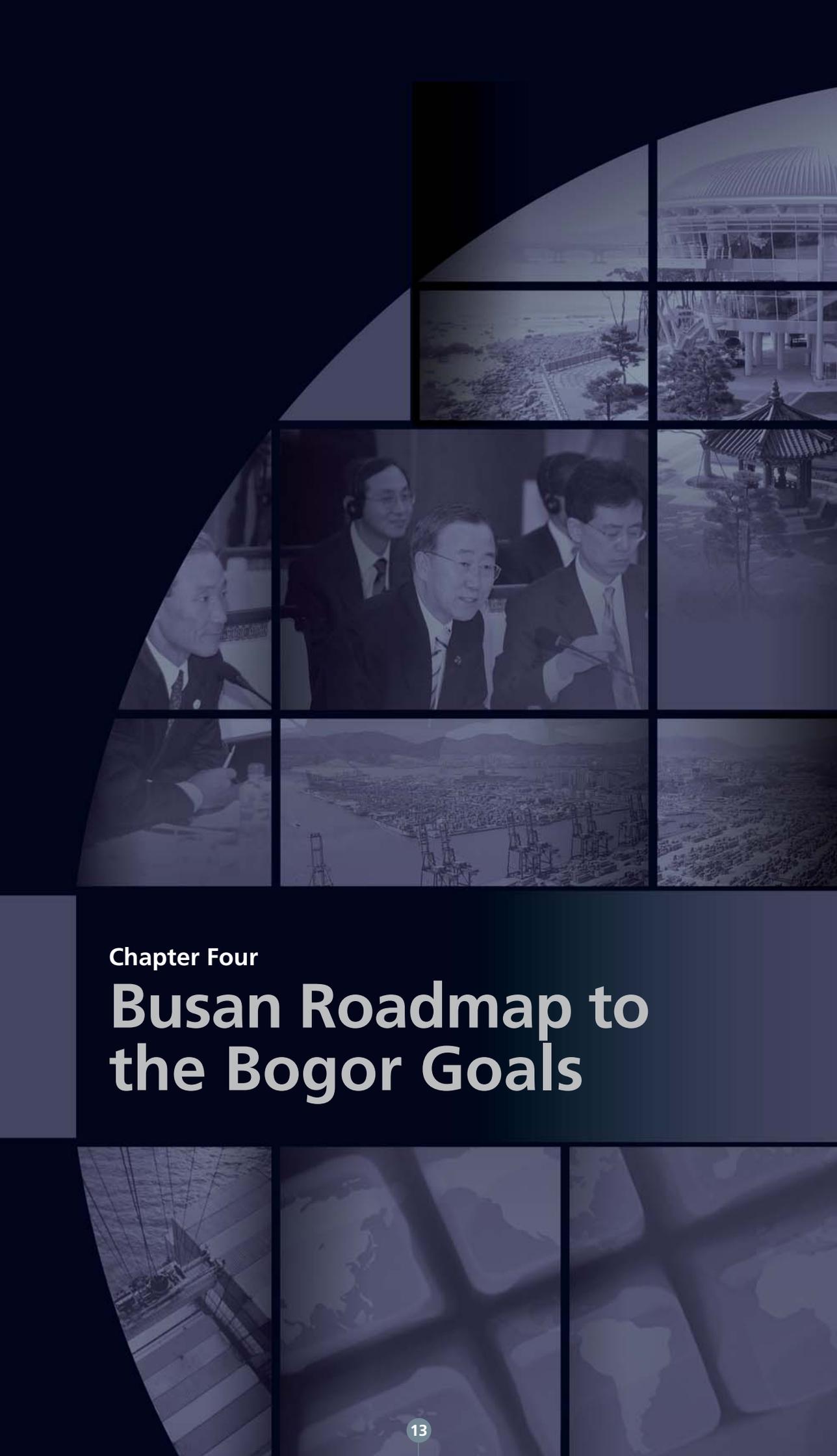


Trade Facilitation

The Trade Facilitation Action Plan (TFAP) and the associated 5 per cent reduction in business transactions costs by 2006 is well on track. Individual APEC economies undertake these actions and measures voluntarily. This objective represents the beginning of what must be a sustained APEC effort to target specific impediments to regional commerce. This will include collective actions if we are to maximise business cost reductions and efficiency. It is therefore important to set some objective criteria to assess progress with the facilitation agenda. Managing and monitoring progress towards such targets would need to be supported by a more focused approach to the Individual and Collective Action Plans as well as to the IAP peer review process.

The Santiago Initiative also responded to calls from business in relation to the importance of trade facilitation, by calling for further work to reduce transaction costs by cutting red tape, embracing automation, harmonizing standards and eliminating unnecessary barriers to trade. Leaders committed to work together to advance the trade facilitation negotiations in the WTO, to promote secure trade, and to build on the APEC Best Practice for RTAs/FTAs in the area of trade facilitation. APEC must respond in a decisive way to this call.

Against this background and in order to accelerate progress towards the Bogor Goals, the following **Busan Roadmap to Bogor** is recommended for Ministers and Leaders endorsement. The Roadmap outlines key priorities to reshape APEC work so that it can better respond to the new business environment and continue to drive free and open trade and investment in the region.



Chapter Four

Busan Roadmap to the Bogor Goals

The Mid-term Stocktake of Progress towards the Bogor Goals has demonstrated that APEC economies have contributed significantly to the growth and prosperity in the Asia-Pacific region by promoting free and open trade and investment. The Stocktake has also demonstrated that for APEC to remain relevant, it must be prepared to evolve in a dynamic and responsive way to today's more complex and integrated business environment and the changing trade and investment policy landscape. APEC must also encourage implementation of decisions and commitments taken in the APEC context, both individually and collectively, while preserving APEC's core principles of voluntarism, comprehensiveness, and consensus-based decision-making.

APEC will continue to support trade and investment liberalisation through multilateral, regional and bilateral trade arrangements. It will look for opportunities to undertake work on pressing issues, specifically in ways that add value to activities under way in other fora. In addition, it sees significant benefit in devoting increased attention to comprehensive business facilitation with particular focus on behind-the-border issues.

APEC is not a negotiating forum but rather a voluntary process of cooperation in support of open and efficient markets. APEC economies have made good progress on trade liberalisation and recognise that further liberalisation is necessary to maximise economic benefit. Accordingly, APEC reaffirms its deep commitment to the multilateral trading system and its support for the WTO.

The Doha Development Agenda (DDA) offers an immediate opportunity to bring all APEC economies rapidly closer to achievement of the Bogor Goals. APEC has demonstrated with good effect the value of bringing concerted regional weight and critical mass to the WTO negotiations. APEC economies

APEC's Collective Action Plans will require updating to ensure they too reflect revised priorities and are suitably outcome-oriented. For example, the services CAP can be strengthened by integrating a robust program of trade and investment liberalization, coupled with a focused capacity building program, to ensure widespread benefits particularly for developing members.

IAPs must be more transparent and accessible to business and the IAP Peer Review process needs to be made more robust, forward-looking and policy relevant interaction as

APEC economies acknowledge the clear link between security and prosperity and recall Leaders' 1993 Blake Island vision of achieving stability, security and prosperity for our peoples. APEC members note the commitments of its Leaders and Ministers to take all essential actions to dismantle transnational terrorist groups that threaten the APEC economies; eliminate the severe and growing danger posed by the proliferation of weapons of mass destruction and their means of delivery; and confront other direct threats to the security and economic prosperity of our region, be they health, natural disaster or energy-related. Stability and security are a necessary foundation for APEC members to achieve the Bogor Goals. In this context, APEC's human security agenda has been evolving in response to the challenges posed to the regional economy.

APEC economies acknowledge that the development of effective policy responses in the following areas is crucial to true free and open trade and investment in the APEC region. Above all, APEC member economies reaffirm their commitment to achieving the Bogor Goals.

and their Geneva Caucus must redouble their collective efforts to advance negotiations in all areas of the DDA.

APEC will make strategic interventions on aspects of negotiations where there is deadlock.

Once the results of the DDA negotiations are known, APEC members will need to consider what further liberalization and facilitation steps may be needed in the WTO context to help reach the Bogor Goals. They will also need to look at possible follow-up activities including capacity-building to support the implementation of the DDA results.

well as to include a greater focus on what APEC members are doing individually and collectively to implement specific APEC commitments and priorities. The review process also needs to address capacity building strategies to assist individual economies in reaching APEC targets.

Consequently, the 2nd round of the IAP peer reviews will be conducted from 2007-2009 under the strengthened review framework to effectively monitor the progress achieved by member economies towards the Bogor Goals.

Support for the Multilateral Trading System

Strengthening Collective and Individual Actions

Promotion of High-Quality RTAs/FTAs

APEC will also continue to contribute to trade and investment liberalisation through the pursuit of high quality RTAs/FTAs. To help maximise the contribution of these agreements to APEC-wide progress towards the Bogor Goals, APEC should develop a more comprehensive workplan on RTAs/FTAs. This program should include work in developing model measures for a wide range of RTA / FTA chapters to encourage a high quality and comprehensive approach to the design and content of these agreements.

In pursuit of high quality, transparency and broad consistency in RTAs/FTAs, APEC will develop by 2008 comprehensive model measures on as many commonly accepted RTA/FTA chapters as possible by building on its work in developing model measures for trade facilitation.

APEC also encourages ABAC's participation in its work related to FTA developments in the region.



Busan Business Agenda

The Stocktake has also made it clear that the agenda required to further drive growth in the region is much broader than what was envisaged in 1994 and encapsulated in the Bogor Goals. At that time, the major focus was on tariffs and on a limited range of non-tariff measures. Accordingly, while APEC must ensure that the Bogor Goals are achieved, the APEC agenda should also be revitalised to keep pace with this new business environment.

Issues like trade and investment facilitation, transparency and behind-the-border regulations and administrative procedures are now acknowledged as important determinants of economic progress, because of their powerful impacts on the development of the private sector. Improving the business environment amounts to facilitating trade and investment, and at the same time, as a key strategy to alleviate poverty, furthers APEC's economic and technical cooperation objectives.

APEC must develop a comprehensive business facilitation program, with due consideration given to private sector development, building on the commitments made in the Trade Facilitation Action Plan (TFAP), the APEC

Transparency Standards, and the Santiago Initiative, along with strategies that also address behind-the-border administrative burden and impediments to trade and investment taking into account the diversity of member economies with respect to economic development and national policy objectives. The program responds to ABAC's consistent calls for APEC economies to become more active in this area. Based on consultations with ABAC and the business community in general, the program must identify specific priorities and targets in areas where substantial improvements in the business environment are achievable and where APEC's current work can be better focused to respond to the needs of the private sector and especially of SMEs. APEC will then support the implementation of these priorities and targets through focused capacity building programs. These areas may include, but are not limited to: customs procedures; standards and conformance; business mobility; e-commerce; transparency; anti-corruption and corporate governance; food cooperation; security in trade; intellectual property rights protection and enforcement; structural and regulatory reform; competition policy and financial systems.

In this regard, APEC will:

- Build on the 2001 Shanghai target which is currently on track to be met by 2006, by further cutting transaction costs by another five percent by 2010 and identifying a list of collective actions that all 21 APEC economies will take to facilitate trade;
 - Build on the APEC Anti-counterfeit and Piracy Initiative and model guidelines to reduce on-line piracy and trade in counterfeit and pirated goods with additional measures to strengthen IPR protection and enforcement in the region;
 - Develop, in collaboration with the APEC business community, an expanded work program targeting increased investment liberalization and facilitation;
 - Continue to develop new areas of work in curtailing public and private corruption that build on the 2004 Santiago Commitment and the APEC Course of Action to Fight Corruption and Ensure Transparency, including the denial of safe haven, asset recovery and legal cooperation among authorities in the region;
- Accelerate APEC's existing work plans that are most relevant to business, including SMEs in particular, specifically to address issues of human resource and technology, business regulation and related administrative procedures;
 - Continue to combat threats to secure trade in the APEC region by measures including increased public private partnerships in the implementation of the Secure Trade in the APEC region (STAR) initiative and the provision of capacity building assistance to help members meet their STAR commitments; and
 - Develop a fully integrated approach to structural reform issues, with the aim of promoting greater market openness and competition and improving the resilience of economies in the face of structural adjustment and adverse shocks, thereby lifting growth prospects.

A Strategic Approach to Capacity Building

Comprehensive and effective economic and technical cooperation (ECOTECH) among APEC member economies is fundamental to the achievement of the Bogor Goals and helps to promote sustainable growth in the Asia-Pacific region. Recognizing the central importance of this cooperative capacity building effort, APEC economies commit to better focused and, more targeted economic and technical cooperation in order to develop and utilize skills and other resources from all APEC economies. To better serve its members, APEC's improved, systematic approach to capacity building should be linked to APEC's

policy agenda. This system should include features to:

- Incorporate capacity building components into the full range of APEC activities;
- Tailor capacity building programs to accommodate the specific needs of each member economy;
- Explore additional sources of technical capacity building;
- Assess outcomes of programs with the cooperation of the private sector;
- Ensure that successful public-private partnerships in capacity-building are established.

The Pathfinder Approach

APEC members must also continue to acknowledge the diversity in our economies and the respective differences in domestic policy priority settings amongst our broad membership. APEC economies remain committed to the concept of "pathfinder"

initiatives, recognising that it may not be possible for all APEC economies to do the same things at the same pace. The pathfinder approach is a valuable tool in furthering trade and investment liberalisation and facilitation.

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