

APEC at a Glance



Asia-Pacific
Economic Cooperation

Advancing Free Trade for Asia-Pacific Prosperity

What is

Asia-Pacific Economic Cooperation?

The Asia-Pacific Economic Cooperation (APEC) forum was established in 1989 to leverage on the growing interdependence of Asia-Pacific economies. APEC aims to create greater prosperity for the people of the region by facilitating balanced, inclusive, sustainable, innovative and secure economic growth and by accelerating regional economic integration.

APEC: Cooperation and Consensus

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

APEC has grown to become one of the world's most important regional groupings. Its 21 member economies are home to more than 2.7 billion people and represent approximately 54 percent of world real GDP and 44 percent of world trade.

APEC is the most economically dynamic region in the world. Since APEC's inception, members have experienced average annual GDP growth of 3.6 percent, versus 2.9 percent growth in non-APEC economies (on a purchasing power parity basis).

The forum constantly adapts to allow members to deal with important new challenges to the region's economic well-being. This includes planning for pandemics, countering terrorism, addressing climate change and implementing structural policy reform.

Which economies are members of APEC?





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

What are APEC's goals?

In 1989, the founding members of APEC outlined three objectives:

- To develop and strengthen the multilateral trading system;
- To increase the interdependence and prosperity of member economies; and
- To promote sustainable economic growth.

APEC's vision was further defined in 1994, when APEC Leaders committed to the 'Bogor Goals' of free and open trade in the region by further reducing barriers to trade and investment in the region and by promoting the free flow of goods, services and capital among APEC economies.

Recognising the differing levels of development among member economies, two broad timetables were set. Free and open trade is to be achieved by industrialised economies by 2010, and by developing economies by 2020. The Bogor Goals are a voluntary commitment, based on good faith and a pledge of best endeavour.

APEC also works to create an environment for the secure and efficient movement of goods, services and people across borders in the region through policy alignment and economic and technical cooperation. This cooperation also helps to ensure that the people of the APEC region have access to training and technology to take advantage of more open trade and investment.



Implementing reforms to reduce impediments to trade

How does

APEC operate?

APEC operates as a cooperative, multilateral economic and trade forum. Member economies take individual and collective actions to open their markets and promote economic growth. These actions are discussed annually at a series of meetings of Senior Officials, Ministers and finally, by APEC Economic Leaders.

APEC's policy direction is provided by the 21 Leaders of APEC's 21 member economies. Strategic recommendations provided by APEC Ministers, APEC Senior Officials and the APEC Business Advisory Council, are considered by Leaders as part of this process.



APEC's working level activities and projects are guided by APEC Senior Officials and undertaken by four core committees:

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

Sub-Committees, Experts' Groups, Working Groups and Task Forces carry out the activities led by these four core committees.

The APEC Policy Support Unit provides research, analysis and evaluation capabilities to assist in the implementation of APEC's agenda.

The process is supported by the APEC Secretariat based in Singapore.

Improving the business environment by removing barriers between economies

How does

APEC benefit the economies of the region?

Members are working together to sustain economic growth through a commitment to free and open trade, investment liberalisation and facilitation, and economic reform. Recognising the needs of business in the region, members have progressively reduced tariffs and other barriers to trade, making the flow of goods, services and people easier and less costly. Actions taken aid economies to grow, create jobs and increase international trade and investment.

Highlights

- Leaders, Ministers, government administrators and business people come together regularly for active information exchange and dialogue that help promote cooperation and policy development.
- APEC works to align standards regimes with international norms to reduce barriers to trade, to facilitate innovation and new technologies, and to offer consumers better prices and greater choice.

- APEC works to harmonise, standardise, and simplify customs procedures.
- APEC implements technical assistance projects which develop skills and strengthen economic infrastructure.
- 18 member economies fully participate in the APEC Business Travel Card (ABTC) scheme, allowing bona fide frequent business travellers fast-track entry through special APEC lanes at major international airports in the region. The ABTC also removes the need to individually apply for visas or entry permits. Another three economies provide fast-track entry to cardholders at designated airports, and are taking steps toward becoming full ABTC participants.
- Making travel safer, facilitating faster processing of legitimate travellers while reducing opportunities for unauthorised and improperly documented persons to cross borders.

How do the people of the Asia-Pacific benefit from

APEC's work?



The people of the Asia-Pacific benefit from the collective and individual actions of APEC member economies in a number of ways. Consumers in APEC member economies enjoy a lower cost of living because reduced trade barriers and a more economically competitive region helps to lower prices for goods and services that everyone needs on a daily basis, from food to clothes to mobile phones. Other direct benefits include increased job opportunities and training programmes, stronger social safety nets and poverty reduction. More broadly, citizens in the APEC region also benefit from APEC's anticorruption and human and food security related initiatives.

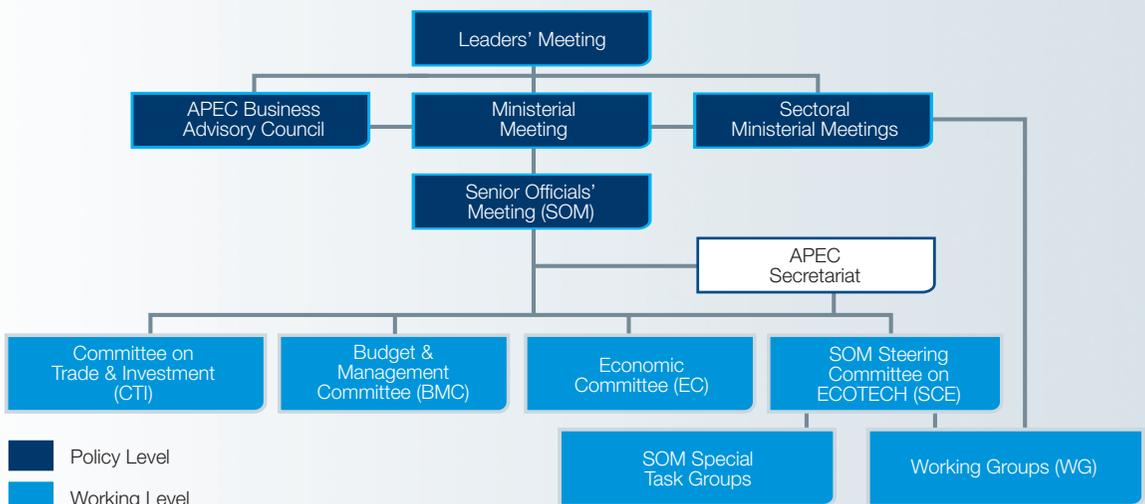
Real GDP per capita, Purchasing Power Parity (PPP)

Promoting the safe and efficient movement of goods, services and people through the Asia-Pacific region



How is

APEC structured?



What is APEC's

scope of work?

APEC's activities are focused on three key areas:

- Trade and Investment Liberalisation
- Business Facilitation
- Economic and Technical Cooperation

Trade and Investment Liberalisation

Trade and Investment Liberalisation focuses on opening markets and reducing tariff and non-tariff barriers to trade and investment. Since APEC was established in 1989 average tariffs in the region have declined by more than 70 percent.

Another step that APEC has taken to promote regional economic integration is the development of model measures for regional trade agreements (RTAs) and free trade agreements (FTAs). APEC is also examining the options for, and possible pathways to, a Free Trade Area of the Asia-Pacific.

In addition, APEC continues to support the multilateral trading system and WTO-based negotiations through strong and unambiguous political commitments and a range of practical and concrete actions.

Business Facilitation

Business facilitation helps importers and exporters in the Asia-Pacific conduct business more efficiently. The costs of production are reduced, leading to cheaper goods and services, increased trade, and more employment opportunities.

Traditionally the focus has been on reducing business transaction costs. APEC's original Trade Facilitation Action Plan reached its target of a region-wide reduction in costs at the border by five percent between 2002 and 2006. So in 2007, members committed to a further five percent reduction by the end of 2010 with an assessment on achieving that goal by 2011. An Investment Facilitation Action Plan has also been endorsed by APEC and work on its implementation has begun.

Over time the APEC agenda has broadened to include a complementary focus on behind-the-border and across-the-border barriers. APEC addresses behind-the-border impediments through its structural reform agenda which APEC Leaders endorsed in 2004. The agenda focuses on five priority areas: regulatory reform, competition policy, public sector governance, corporate governance and strengthening economic and legal infrastructure.

APEC's work on logistics and transport networks aimed at enhancing physical connectivity across-the-border is being undertaken under the ambit of the APEC Supply Chain Connectivity Initiative.

Economic and Technical Cooperation

Economic and Technical Cooperation comprises training and other cooperative activities to build skills and transfer knowledge to assist all APEC members so that they can participate in the regional economy and reach the APEC goals of free and open trade and investment in the region. ECOTECH programmes are particularly important for developing member economies to build up their capacity and improve competitiveness and productivity, which improves the standard of living for its citizens.

How does APEC put its

goals and vision into action?

In order to meet APEC's Bogor Goals of free and open trade and investment in the Asia-Pacific, APEC member economies follow the strategic roadmap agreed by APEC Economic Leaders in Osaka, Japan in 1995. This roadmap is known as the Osaka Action Agenda.

Osaka Action Agenda

The Osaka Action Agenda provides a framework for meeting the Bogor Goals through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues and economic and technical cooperation. As part of this framework, General Principles have been defined for APEC member economies as they proceed through the APEC liberalisation and facilitation process.

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

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

Individual Action Plans

APEC member economies report progress towards achieving the free and open trade and investment goals through Individual and Collective Action Plans, submitted to APEC on a regular basis. Individual Action Plans (IAPs) contain a chapter for each specified policy area and

report the steps that each member is taking to fulfil the objectives set out in the Osaka Action Agenda for each action area.

Reporting is based on the following 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
- Strengthening Economic Legal Infrastructure

Over the past few years additional areas have been added to the IAP reporting process including the APEC Food System, Transparency and RTAs/FTAs.

Collective Action Plans

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

Capacity Building

Aimed at enhancing economic growth and prosperity in the region, projects are a vital part of the APEC process. APEC projects build capacity in key priority areas identified by Leaders' calls for action. Targeting specific policy areas, projects are conducted through seminars, workshops, publications and research. Projects typically focus on building human capacity, strengthening economic infrastructure and ensuring security for the region. The ultimate goal of all projects is to advance trade and investment liberalisation and facilitation.

Economic Challenges

Over the last few years new threats to the economic well-being of the region have emerged. The commercial impact on member economies of terrorist attacks, pandemics such as H1N1 and SARS and devastating natural disasters, reinforces the connection between human security and trade. APEC is meeting these challenges through a range of cooperative and capacity building activities aimed at ensuring trade and economic development continues, while safeguarding the people and economies of the region.

Another challenge facing APEC is to ensure that sub-regional trade agreements contribute to global free trade. APEC has developed model measures for RTAs and FTAs, which help ensure that such agreements are high quality, comprehensive, consistent with WTO requirements and genuinely pave the way for the realisation of the Bogor Goals. APEC is also exploring the possibility of a Free Trade Area of the Asia-Pacific.

Who participates in the APEC process?

APEC recognises that 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 other interest groups. APEC actively involves these key stakeholders in the work of the forum.

Business

APEC Economic Leaders meet annually with the APEC Business Advisory Council (ABAC), which comprises high-level business people from all 21 APEC member economies. ABAC presents recommendations to Leaders and advises APEC officials on business sector priorities and concerns. APEC is the only multilateral body that gives business a seat at the table, not just for consultation, but as a partner.

At the working level, representatives from the private sector are invited to join many APEC industry dialogues, 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 Institutions

Through the APEC Study Centres Consortium (ASCC) APEC member economies engage academic and research institutions in the APEC process. The ASCC facilitates cultural and intellectual exchanges in the region and undertakes collaborative, interdisciplinary and policy-relevant research from an independent and long-term perspective.

There are APEC Study Centres in most APEC member economies, comprising some 100 universities, research centres and centres of academic excellence.

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

APEC Observers

APEC has three Official Observers: the Association of Southeast Asian Nations, the Pacific Economic Cooperation Council and the Pacific Islands Forum.

How do I get involved with APEC?

If you are interested in participating in the APEC process you can apply to attend APEC meetings or seminars. Contact the APEC Secretariat or visit the website for further information.

Views can also be expressed about APEC's work to your economy's APEC office. Enquiries can also be directed to contacts within APEC member economies. A complete list of these contacts is available through the APEC Secretariat.

How can I keep up-to-date with APEC progress?

Keep up-to-date with the latest APEC news by regularly accessing the APEC website at www.apec.org. The APEC Secretariat also produces a free APEC newsletter. It provides information on the key elements of APEC's

agenda, current activities, new publications, upcoming events and more. Simply fill out your details on the APEC website and the latest edition of the newsletter will be emailed to you.

Contact Us

For general information about APEC, please contact:

APEC Secretariat, 35 Heng Mui Keng Terrace, Singapore 119616
Telephone Number: (65) 6891 9600 • Facsimile Number: (65) 6891 9690
Website: www.apec.org

General Inquiries: info@apec.org • Media Inquiries: media@apec.org
Publications Inquiries: jt@apec.org

Copyright © 2010 APEC Secretariat APEC#210-SE-05.2 ISSN1793-2440



**Asia-Pacific
Economic Cooperation**