

## ANNEX 2

### APEC PPSTI DRAFT NEGOTIATED AT 43<sup>rd</sup> ISTWG MEETING

#### TERMS OF REFERENCE

##### *1. Mandate*

The policy directions of the APEC Industrial Science and Technology Working Group (ISTWG) were set by APEC Economic Leaders, and are guided by APEC Ministers responsible for Science and Technology (S&T). In 2012, APEC Senior Officials agreed to broaden the mandate of ISTWG to include issues of innovation policy development by transforming ISTWG into a PPSTI to intensify cooperation among the relevant stakeholders – government, private sector and academia. The PPSTI should be the APEC community's primary forum to engage actors involved in joint scientific research and in the technology inception, dissemination and commercialization cycle, with both its competitive commercial sectors and non-profit elements.

PPSTI will work to further the objectives set out in these Terms of Reference, in accordance with the scope of work of APEC, by pursuing positive gains for each member economy, the region, and the world economy, by enhancing member economies' innovative capacity, and by helping to strengthen collaboration and build human capacity. PPSTI will also exchange innovation policy information, and develop modern market-driven innovation mechanisms with the active participation of relevant stakeholders.

The PPSTI shall have no set term. In 2005, the SOM Steering Committee on Economic and Technical Cooperation (SCE) was established through APEC reform, and the mandate of the PPSTI will continue to be subject to the SCE. The SCE, with ABAC support, will forward PPSTI recommendations, as appropriate, to APEC Senior Officials, Ministers and Leaders.

##### *2. Goals*

The PPSTI will support the development of science and technology cooperation as well as effective innovation policy in APEC economies. The PPSTI's strategic aim is to enhance economic growth, trade and investment opportunities, as well as social progress, in harmony with sustainability, through the development of an enabling environment for market-based innovation policy in support of commercialization, the promotion of innovation capacity, and the facilitation of innovation cooperation among member economies. The PPSTI's main tasks are:

- to develop common approaches to science, technology and innovation (STI) policies that promote the development, dissemination and commercialization of innovative technologies and R&D;
- to encourage economies' innovation capacity building, including absorptive capacity, through the development of human capital, scientific research and infrastructure;
- to encourage the establishment of seed and venture capital investment funds, as well as technology business incubation and acceleration organizations, within APEC by propagating successful models, best practices and success stories in this area.
- to encourage an environment that enables cross-border investment in cutting-edge technologies.
- to develop networks/platforms that foster STI cooperation.
- to strengthen cooperative projects and programs related to the technology inception, dissemination and commercialization cycle;

- to facilitate voluntary, market-driven dissemination of technology and promote measures to create a relevant legal framework and regulatory environment; and
- to discuss potential mechanisms to evaluate the level and impact of innovation cooperation within APEC to better develop policy recommendations.

In pursuing these tasks, the PPSTI should be guided by the priorities and principles of the PPSTI work plan.

### ***3. Scope of Activity***

#### ***3.1 Alignment with International Frameworks***

The activities under the PPSTI shall be conducted in alignment with international frameworks for STI.

To this end, PPSTI will endeavour to:

- pursue regional cooperation, in accordance with international agreements which regulate activities under the PPSTI, such as those issued by the United Nations and other international organizations, e.g., WTO, WIPO;
- identify areas for alignment with international frameworks and review, on a regular basis, member economies' activities, with a view, where appropriate, to aligning them with international frameworks;
- explore practical options for regulatory cooperation to reduce the negative impact of different regulatory requirements on regional STI collaboration; and
- where appropriate, complement the work of specialist regional bodies in the development and review of STI, including in cooperation with other APEC members and the OECD.

PPSTI may also endeavour to:

- consider ways in which member economies could give positive consideration to adopting the policies in other member economies, in order to achieve the objectives;
- exchange information on STI policies and programs;
- identify and discuss issues, bottlenecks, or incidents, either domestic, APEC or others in international fora which might be of vital importance to, and impact on the activities of the PPSTI, or which the PPSTI might be able to influence.

#### ***3.2 Cooperation with Regional and International Bodies***

The PPSTI's activities will be designed to complement and strengthen STI-related work already taking place in regional or multilateral organizations such as the ASEAN Committee on Science and Technology (COST). In addition, the PPSTI's work will be aimed at developing a more coherent regional perspective for articulation in broader international bodies. To enhance closer regional cooperation, member economies will endeavor to:

- collaborate with specialist regional and multilateral bodies;
- consider, where appropriate, joint action within appropriate international fora towards shared objectives;
- coordinate the PPSTI's work program with, and where appropriate, draw upon the expertise and the experience of regional and international bodies;
- foster an effective interface between regional and international fora; and

- ensure that the PPSTI's work builds upon, rather than duplicates, the work undertaken in regional and international bodies.

#### ***4. Mode of Operation***

The PPSTI will normally meet twice a year, unless otherwise decided by member economies.

The PPSTI will operate on the basis of consensus, and in line with agreed APEC rules and guidelines.

The PPSTI will organize Innovation Technology Dialogues (ITD), Innovation Policy Dialogues (IPD) and APEC Research and Technology Program (ART) workshops. The recommendations of ITD, IPD and ART workshops will be submitted to the PPSTI for possible SOM consideration. The PPSTI may, as appropriate and with the consensus of all member economies, establish subgroups, *ad hoc* task forces, STI-focused dialogues, workshops or expert groups it considers necessary to assist the conduct of its work program.

#### ***4.1 Participation***

The PPSTI shall be open to all APEC member economies. Participation of non-members shall be guided by the principals and procedures outlined in the APEC Guidelines on Managing Cooperation with Non-Members.

Leadership: The PPSTI Governing Board will consist of a Chair, two Vice Chairs and an ABAC representative to serve as the principal advisor. The Chair of the PPSTI shall be elected from the representatives of member economies' delegations for a two-year term. The Vice-Chairs shall be government representatives: one will be elected from representatives of the member economies who will serve for a two-year term and the other Vice-Chair will be a representative of the current hosting economy who will serve for a one-year term. The selection process for the principal advisor will be an open and transparent process, conducted by ABAC, in consultation with APEC Senior Officials. The role of the principal advisor is to serve as a liaison to ABAC. The term of the principal advisor will be two years.

Member Economy Delegations: The delegation of member economies to the PPSTI meeting may consist of representatives of governments, academia and private sector.

Government: The government representatives to the PPSTI should represent the views of multiple domestic agencies/ministries which are responsible for STI-related policies.

Private Sector: ABAC may nominate private sector representatives to the PPSTI; ABAC should inform the PPSTI Governing Board, through the APEC Secretariat, of its nominees ahead of any PPSTI meeting.

#### **4.1.a Observers and Guests**

Research and Academic Institutions, Associations: The PPSTI Chair, in consultation with other PPSTI members, may invite such institutions or separate groups of researchers that member economies believe will add value to the PPSTI process to send observers/advisers to the PPSTI meeting.

APEC Sub Fora and Multilateral Organizations: The PPSTI Chair, in consultation with other PPSTI members, may invite representatives from other APEC sub fora, ASEAN, OECD and/or other international bodies to send observers/advisers to the PPSTI meetings.

### ***5. Coordination***

The PPSTI will take account of the activities of other APEC fora with which its work should be coordinated.

### ***6. Reporting Requirements***

The PPSTI will report annually to the SOM Steering Committee for ECOTECH through the SCE Fora Report and to Senior Officials, as requested.

### ***7. Review Clause***

The PPSTI will evaluate its effectiveness on a regular basis in line with current APEC guidelines. The terms of reference will be reviewed periodically, particularly if there is a change in situation, with a view to modification or amendment. As part of the recommendation 12 of the SCE Fora Review, the PPSTI will be independently assessed every four years according to the Independent Assessment Schedule endorsed by the SCE. The review will be based on achievements against stated objectives and outputs, as well as consideration whether the group should continue to operate.