Asia-Pacific
Economic Cooperation

Update of APEC Activities
(September 1999)

APEC Secretariat

September 1999
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Committee on Trade and Investment

The Committee on Trade and Investment (CTI) was established by the Declaration on an APEC Trade and Investment Framework in November 1993.

The CTI coordinates APEC’s work on the liberalization and facilitation of trade and investment (refer to the Bogor Declaration 1994). It works to reduce impediments to business activity in 14 specific areas as outlined in the Osaka Action Agenda: tariffs and non-tariff measures; services; investment; standards and conformance; customs procedures; intellectual property rights; competition policy; government procurement; deregulation; rules of origin; dispute mediation; mobility of business people; and implementation of the Uruguay Round outcomes. CTI also provides a forum for discussion of trade policy issues. Activities in CTI’s 14 work areas are outlined under the relevant sections in the Update.

The CTI agreed to realign work in the areas of Uruguay Round Implementation (URI), Rules of Origin (ROO) and Dispute Mediation so that the substantive work can be carried out under the direct responsibility of the CTI Chair. Focal points, however, would be nominated to assist the CTI Chair and CTI plenary in overseeing work in these issue areas.

Business and Private Sector Participation

The CTI engages in regular outreach efforts to business via the APEC Business Advisory Council and directly through seminars, speeches, the internet, publications, and media relations. The Pacific Economic Cooperation Council (PECC) regularly attends CTI meetings, providing analytical and business input. The business sector plays a key role in technical work areas (e.g., standards and conformance) by providing specialized input. In 1999, CTI advanced APEC initiatives for a broad outreach to business/private sector involvement mandated by the Leaders in various subfora activities.

Achievements

During 1999, the CTI focused its work in the following areas. The CTI:

- Implemented and improved Collective Action Plans (CAPs) which will significantly lower costs and reduce barriers to the movement of goods and services. (Major individual achievements are outlined under the relevant sections.)
- Undertook a review of CAP implementation since 1996 as a parallel exercise to the self-review undertaken by member economies on their Individual Action Plans.
- Completed a review of its structure and adopted a number of measures to streamline the work processes within the Committee to achieve cost-effective use of resources while ensuring that assigned tasks and objectives are completed in a timely fashion.
- Facilitated the technical discussions to carry forward work in the non-tariff elements of the Early Voluntary Sectoral Liberalization (EVSL) sectors.
• Managed the implementation of the project on “Communicating the Impact of Liberalization” which involved the development of effective communication strategies to build community understanding and support for liberalization.

• Undertook a survey of APEC’s trade facilitation achievements to-date and produced a package of highlights to be presented to Leaders.

Next Steps
The CTI will continue to implement, improve and expand Collective Action Plans across all areas of the Osaka Action Agenda.

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Tariffs and Non-Tariff Measures

Tariffs and Non-tariff Measures (NTMs) are two of the 15 specific areas under the CTI outlined in the Osaka Action Agenda through which APEC member economies are working to eliminate tariff and non-tariff barriers to trade. Member economies are committed to creating a region of free and open trade and investment no later than 2010 for industrialized economies and 2020 for developing economies.

The Collective Action Plans for Tariffs and NTMs require APEC members to: develop a computerized tariff database (APEC Tariff Database); pursue incorporation of information on NTMs into a future version of the APEC tariff database; compile a list of measures recognized as non-tariff impediments to trade; compile a list of products affected by those impediments; and identify industries in which the progressive reduction of tariffs and NTMs may have a positive impact on trade and economic growth in the Asia-Pacific region, or for which there is regional industry support for early liberalization.

A new Market Access Group (MAG) was established in 1998 to handle the CTI’s work on tariffs and NTMs.

Business and Private Sector Participation

APEC member economies consult their private sectors regularly. Business views have been incorporated in the development of the APEC Tariff Database, which is also sponsored by the private sector (Federal Express).

Businesses and academia provide important input to the CTI’s work on tariffs and NTMs, particularly through analytical work performed by the Pacific Economic Cooperation Council (PECC). Businesses that would like to become more involved in the CTI’s work on tariffs and NTMs should contact the APEC office in their member economies (see page 58 for member economy contact information).

Achievements

- A seminar on the WTO Integrated Database (IDB) was conducted by two WTO officials in 14 June 1998 in Kuching, Malaysia.
- Reviewed suggested enhancements by users of the APEC Tariff database (TDB) in consultation with SCCP, and submitted contact details/web-site address to the APEC Secretariat for forwarding to the Tariff Database Manager.
- Requested members to provide regular updates of tariff information as changes occur, and provide annual updates of trade and other agreed data to the APEC TDB.
- Requested members to provide the WTO Secretariat with tariff and trade data annually in accordance with WTO obligations.
- Continued the process for economies to verify information on NTMs collated from the Individual Action Plans (IAPs), WTO Trade Policy Reviews of APEC members who are WTO members, and from WTO notifications under the Agreement on Subsidies and Countervailing Measures.
- Continued the process of submission of NTMs information by members in accordance to the Chair’s suggested formats for developing a framework for reporting progress on NTMs.
• Assisted PECC in its study by verifying and updating information used in the APEC Impediments Measurement System (AIMs).

Next Steps
APEC member economies will perform the following work on tariffs and NTMs through the MAG:
• Follow the progress of the approved work programmes on NTMs and consolidate the overall results of this work in the EVSL.
• Consider the possibility of adopting a work programme to progress the OAA objective of progressively reducing non-tariff measures
• Work out a list of the APEC economies related NTM websites and provide the necessary hyperlinks from the APEC Secretariat website.

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Services

The Group on Services (GOS) is an informal subgroup of the CTI mandated by the Committee to address the TILF tasks in the area of services contained in the Osaka Action Agenda and in directions from Leaders, Ministers, the SOM and the CTI. The bulk of its meetings have been devoted to information gathering and analysis, experience sharing and transparency. The implementation of a Services Collective Action Plan containing the aforementioned elements (other than for Energy, Telecommunications, Tourism and Transportation) commenced during 1998 and was enhanced to reflect the progress in these items.

Business and Private Sector Participation

Business representatives participated in and gave presentations to the APEC Training Program in Services held in May 1998 in China.

Achievements

Major achievements included:

- Voluntary presentations on trade in subregional services arrangements within APEC have been made.
- PECC has completed a Compilation and Comparison of all Existing Trade in Services Arrangements within APEC (1999 GOS Deliverable).
- An APEC Directory of Professional Services including Accountancy, Engineering and Architecture services will be available on the Websites of the Australian Department of Foreign Affairs and Trade and the Trade Department of Hong Kong, China (1999 GOS Deliverable).
- A training seminar on trade in services, with private sector representation, was held to promote understanding of the said issue amongst public sector officials.
- A voluntary exchange of views through presentations on services sectors has begun.
- Voluntary presentations of “Best Practices” in regulation of the environmental services and distribution (retail) services have been presented.
- Joint Sessions have been held with the Group on Competition Policy and Deregulation, Investment Experts Group and the Informal Experts’ Group on Mobility of Business People during the GOS’s last two meetings in Christchurch and Rotorua, New Zealand.
- With an aim to increase transparency and avoid duplication of work, GOS has agreed that those APEC member economies who have yet to become WTO members should provide requested information on services through their established APEC Focal Points, while APEC members that are WTO members could provide such requested information through their WTO Enquiry Points.
- A GOS Taskforce has been established for the development of the Broader Policy Framework.
- A presentation on the progress of the APEC Tourism Charter was made by the TWG Chair to the GOS in Rotorua, New Zealand.
Next Steps

- Building upon work in APEC and other international fora to disseminate research and analysis on services trade liberalization.
- The GOS Taskforce will meet later in 1999 to discuss the development of the Broader Policy Framework.
- To take forward ongoing/outstanding actions in its CAPs.
- To consider the development of a “Menu of Options for Voluntary Liberalization and Facilitation of Services Trade and Investment”.
- A Seminar of Statistical Reporting in Services Trade will be held in China next year (2000).
- GOS will support the TWG in its on-going process of liberalizing barriers to tourism development, promoting positive policies for tourism development and helping to identify those emerging issues impacting upon tourism.

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Investment

The Investment Experts’ Group (IEG) is a sub-group of the APEC Committee on Trade and Investment (CTI). It was established in 1994 to bring together officials in the region involved in
the regulation of foreign investment. Its main role is to assist the CTI in achieving the investment-related components of APEC’s liberalization and facilitation agenda.

**Business and Private Sector Participation**

The IEG seeks views from the business sector about priorities for APEC’s investment liberalization and facilitation agenda through its annual Investment Symposium and business survey.

**Achievements**

Major achievements in 1999 include:

- Published a new edition of the investment guidebook.
- Compiled a compendium of Initiatives, Development Efforts, Aspiration and Strategies (IDEAS) of the four major stakeholders in Foreign Direct Investment (FDI) themes, i.e., the Foreign Direct Investor, the Home Economy, the Host Economy, and the Domestic Investor.
- Policy discussions were held to review the investment regimes of New Zealand (February 1999), Peru (May 1999) and People’s Republic of China (August 1999)
- Held APEC Investment Mart, 2-5 June, in Seoul Korea.
- Conducted a seminar on FDI Policy and Administration Adjustment in Bangkok, Thailand 10-11 June 1999.
- Conducted a training programme on Strategies to Identify and Facilitate Investment In Specific Areas, e.g. Small and Medium Enterprises (SMEs) development and industrial linkage, High Tech Industries and R&D Activities in APEC Secretariat, Singapore from 15-17 June 1999.
- Conducted the first phase of the awareness program for APEC investment/trade officials to understand and be informed of the various options for investment liberalisation and business facilitation.

**Next Steps**

- Organise the Fifth APEC Investment Symposium in China in the Year 2000.
- Organise the Second APEC Investment Mart in the Year 2000/2001
- Develop the Menu of Facilities offered by a One Stop Agency.
- Update the Menu of Options.
- Voluntary inclusion and recording by cross-referencing the implementation of Menu of Options in the IAPs of individual member economies.
- Undertake the review of CAPs.
- To hold the Phase II and Phase III of the training on awareness programme to understand and be informed of the various options for investment liberalisation and business facilitation.

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Standards and Conformance

The CTI Sub-committee on Standards and Conformance (SCSC) was established by the Declaration on an APEC Standards and Conformance Framework (November 1994).

The principal objectives of the SCSC are to: encourage alignment of members’ standards with international standards; achieve mutual recognition among APEC economies of conformity assessment in regulated and voluntary sectors; promote cooperation for technical infrastructure development in order to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors; and ensure the transparency of the standards and conformity assessments of APEC economies.

Business and Private Sector Participation

Representatives from specialist regional bodies are invited to SCSC meetings, and business people also attend SCSC meetings. SCSC has developed a work program on trade facilitation in information technology products in response to a proposal from the ITI Council.

Achievements

Highlights of TILF Outcomes in 1999:

- Development of the Mutual Recognition Arrangement for Electrical and Electronic Equipment (APEC Electrical MRA) and the Joint Advisory Committee Terms and Reference.
- Development of the Arrangement for the Exchange of Information on Food Recalls and Food Recall Guidelines.
• Implementation of a TILF project on Compilation on Information on Food Labeling Laws, Regulations and Standards in APEC region.
• Internet dissemination of Voluntary Action Plan Report.

Next Steps
The SCSC will continue to implement and improve collective action plans in the area of standards and conformance.

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Customs Procedures
The Customs Procedures Group of Customs Experts was converted into a formal CTI Sub-committee on Customs Procedures (SCCP) in 1995. Its objective is to facilitate trade in the Asia-Pacific region by simplifying and harmonizing customs procedures.

Business and Private Sector Participation
Private sector representatives such as customs brokers, importers, exporters, freight forwarders and business people have attended the APEC Customs-Industry Symposia held annually since 1993.
On 8-9 June 1998, the APEC Customs-Industry Dialogue was held in Kuala Lumpur, Malaysia. The SCCP is working and continues to explore further partnerships with the private sector for its technical assistance programmes.

On 5 February 1999, the first Business Outreach meeting of 1999, which took place in Wellington, was organized by SCCP, the New Zealand Institute of Management and the Wellington Chamber of Commerce. This event included a workshop on ‘Future Customs Procedures throughout APEC’.

An Australian business sector is supporting the Sub-Committee’s Temporary Importation CAP. Federal Express has agreed to continue the sponsorship of the APEC Tariff Database.

Achievements

Three of the 12 actions agreed to by SCCP have already been implemented. All other actions are scheduled for implementation by 2002, except for the three new member economies. Simplification and Harmonization of Customs Procedures has already resulted in significant cost savings for exporters and importers. Among other outcomes, SCCP is promoting ‘paperless trading’ in the region and risk management techniques, which are being shared by APEC Custom administrations, to better target enforcement efforts and facilitate the movement of low-risk shipments. Other achievements include:

- Development of better tools for forging strategic partnerships with the business/private sector and explore possible partnerships with the private sector to progress the work on its CAPs.
- Advanced work to implement SCCP’s multi-year technical assistance programs of its CAPs in 1999. Among others:
  - Program to implement the WTO Valuation Agreement: Training in the People’s Republic of China; Indonesia; Malaysia; Papua New Guinea; the Philippines; Chinese Taipei and Thailand.
  - Program to implement UN/EDIFACT electronic message standards: Conduct training in March for Customs Officers in Brunei, Indonesia, Mexico and Viet Nam.
  - Adoption of TRIPS: Missions were completed in Papua New Guinea and Indonesia.
  - Program for implementation of Facilities for Temporary Importation: Workshops in the People’s Republic of China and Chinese Taipei.
  - Risk Management: two expert missions have been conducted in Indonesia and the Philippines.
- A Virtual Customs Group has been established to share experiences and explore and develop common approaches with the objective of developing a compendium of APEC customs initiatives on Electronic Commerce.
- The issue of Customs Integrity has been elevated to a new Collective Action Plan of the Sub-Committee.

Next Steps

The SCCP will continue to implement and improve the Collective Action Plans in the areas of customs procedures. The future SCCP work programs include:

- To improve direct involvement of the business sector in SCCP activities.
- To publish the 2000 Blueprint for APEC Customs Modernization.
- To keep promoting and facilitating paperless trading.
Intellectual Property Rights

The Intellectual Property Rights (IPR) experts have carried out a work program since 1996 to achieve the planned Collective Actions as well as to enhance APEC-wide cooperation in the following areas: deepening the dialogue on intellectual property policy; surveying and exchanging information on the current status of IPR protection and administrative systems; studying measures for the effective enforcement of IPR; fully implementing the TRIPS Agreement no later than 2000; and facilitating technical cooperation to that end.

Business and Private Sector Participation

The IPEG seeks views from the business sector about priorities for APEC’s work on IPR through various symposiums. A contact list of public, business and private sector experts on IPR is available on the APEC Secretariat’s website at http://www.apecsec.org.sg.

Achievements

Key achievements of the IPR experts group for 1999 included:

- **APEC IPR International Symposium.** The IPEG held APEC IPR International Symposium on 14-18 June on Taegwon, Korea for facilitating further revision of legislation in each economy toward the TRIPS Implementation.

- **Survey on the current status toward the implementation of TRIPS Agreement.** The first survey has been almost completed.
• **Guidelines for simplification and standardisation of administrative procedures.** The IPEG adopted the guidelines and agreed to put it on the APEC Secretariat’s website at IPEG IX.

• **Survey on enforcement systems.** The survey was nearly completed and the consolidated survey was agreed to be published on the Internet.

**Next Steps**

The IPR experts will continue to promote technical cooperation, targeting the year 2000 to fully implement the TRIPS Agreement. Other tasks are the development of guiding principles on IPR enforcement; improvement of the protection of well-known marks; and continuing discussions to conclude an agreement on common trademark application form.

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**Competition Policy**

The globalization of business has highlighted the importance of competition issues. APEC’s objective in this work area is to enhance the competitive environment of the region. In November 1994, APEC Ministers agreed that the Committee on Trade and Investment (CTI) would develop an understanding of competition issues, in particular competition laws and policies of economies in the region. They agreed that CTI should learn how competition laws and policies affect flows of trade and investment in the APEC region and identify potential areas of technical cooperation among member economies. In 1996, the Osaka Action Agenda work programs for competition policy and deregulation were combined, in view of the linkages between the two issues. The
competition policy/deregulation work area has been a key component of work on the strengthening markets’ theme, promoted by the 1999 APEC Chair. (See the Deregulation update)

**Business and Private Sector Participation**

Businesses and academia provide important input to APEC’s work on competition policy, particularly through the Pacific Economic Cooperation Council (PECC). Promoting dialogue with the business community on competition policy and regulatory reform remains a priority.

**Achievements**

Five annual workshops have been held, covering issues such as approaches and exemptions to competition policies and law; technical assistance; linkages between competition policy and trade policy; objectives and mechanisms of competition policy; interrelationship between competition policy and deregulation; regulation of national monopolies; occupational regulation; and regulatory reform.

Achievements in this work area in 1999 have included:

- Japan’s APEC Partners for Progress training seminars for officials working in the competition policy and law areas;
- Chinese Taipei’s construction of the APEC Competition Law and Policy Internet Database;
- PWC Study on advantages and disadvantages of competition law in developing economies; and
- A workshop on Competition Policy and Deregulation in Christchurch, New Zealand.
- Completion of APEC Principles to enhance Competition Policy and Regulatory Reform.

**Next Steps**

APEC’s work on strengthening markets recognises the benefits of an integrating framework to guide regulatory reform, build institutional capacity and provide coherence for APEC’s future work programme.

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Government Procurement

The Government Procurement Experts Group (GPEG) was established in 1995. The Osaka Action Agenda of November 1995 commits APEC economies to “develop a common understanding on government procurement policies and systems” and to “achieve liberalization of government procurement markets throughout the Asia-Pacific region in accordance with the principles and objectives of the Bogor Declaration”. Hong Kong, China is the convenor for government procurement but New Zealand will succeed as convenor on October 1999.

Business and Private Sector Participation

Business people have attended GPEG educational programs.

Achievements

The GPEG:

- Has completed a set of non-binding principles on government procurement based on the free-trade principles already embraced by APEC. These include transparency, value for money, open and effective competition, fair dealing, non-discrimination, accountability and due process. In addition, GPEG has developed practices illustrating how these elements could be implemented.

- Has contributed to the WTO’s study on Transparency in GP by providing to the WTO information on APEC members’ GP regimes, commitments in their individual action plans on GP, and APEC views on several of the principles listed above.

- Has continued its educational programs with a February 1999 seminar on unilateral liberalization of GP and use of electronic tendency sponsored by New Zealand; and a July 1999 workshop on GP practices sponsored by China. Earlier programs included a GP training program, a seminar on bid challenge systems, a seminar on existing international GP agreements, and a seminar on GP principles.

- Is updating the surveys member economies have completed on their GP systems and publication arrangements for GP opportunities. These are available on the APEC GP homepage (http://www.apecsec.org.sg/govtproc/gphome.html) along with other information about GPEG activities.

Next Steps

The GPEG has finished the full set of GP non-binding principles. The GPEG will also encourage members to review in their individual action plans the consistency of their GP systems with the non-binding principles and voluntarily bring their systems into conformity with the principles,
with progress reported to GPEG. The Group will also continue its educational and information-sharing activities.

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## Deregulation

Unilateral deregulation by APEC economies makes an important contribution to trade and investment liberalization and facilitation. Transparency in regulatory regimes and the elimination of trade-impeding or unnecessarily restrictive regulations are the key objectives of APEC work in the deregulation area. This work is undertaken by the Committee on Trade and Investment (CTI). In 1996, the *Osaka Action Agenda* work programs for competition policy and law, and deregulation were combined, in view of the linkages between the two issues. (See Competition Policy update)

### Business and Private Sector Participation

Business and academia provide important input to APEC’s work on deregulation, particularly through analytical work performed by PECC and seminars. Promoting dialogue with the business community on deregulation is a key focus for the future.

### Achievements

Highlights of work on deregulation include:
- Conducting a Public/Private Sector Regulatory Reform Symposium in September 1998. Its objective was to consider the role of regulatory policy in making economies more open and competitive.
• Publishing on the Internet, *an Annual Report on Deregulation Initiatives in APEC Member Economies*. Its objective is to promote transparency in regulations, provide a basis for further APEC initiatives on deregulation, and provide a user-friendly source of information for the private sector.

• Completion of APEC Principles to Enhance Competition Policy and Regulatory Reform.

**Next Steps**

APEC’s work on strengthening markets recognises the benefits of an integrating framework to guide regulatory reform, build institutional capacity and provide coherence for APEC’s future work programme.

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**Rules of Origin**

The Rules of Origin (ROO) issue is covered by the CTI in its plenary. APEC member economies, through the CTI, will:

• Gather information on APEC economies’ respective rules of origin and develop a compendium of rules of origin for the use of the business and private sector;

• Facilitate, complement and accelerate, in the short term, World Trade Organization/World Customs Organization (WTO/WCO) work on harmonization of non-preferential rules of origin; and

• Study the implication of rules of origin on the free flow of trade and investment.
**Achievements**

Members agreed to use the more detailed format guidelines for ROO approved in 1997 to report on implementation of the procedural obligations of the WTO agreement on ROO in a manner aimed at establishing a more transparent and predictable ROO regime.

**Next Steps**

The CTI will continue its information exchange among member economies on rules of origin requirements, and assess APEC member economies’ compliance with procedural obligations in the *WTO Agreement on Rules of Origin*.

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**Dispute Mediation**

Trade and other economic disputes have negative implications for the cooperation that APEC is designed to promote (see Bogor *APEC Leaders’ Declaration*, 1994). The CTI’s work on Dispute Mediation is to explore ways of cooperative dispute-solving. It focuses on government and private disputes, and on promoting transparency in laws and regulations as a means of dispute avoidance (see *Osaka Action Agenda* 1995).

APEC regards WTO dispute settlement as the primary channel for solving disputes. APEC can have a role in helping to resolve and avoid disputes through non-adversarial and voluntary approaches. (APEC is not a rules-based organization, so it is not possible for it to establish a formal, binding dispute settlement mechanism.)

**Business and Private Sector Participation**

Academics, lawyers, arbitration experts, mediators, and business leaders provide valued input to APEC’s work on dispute mediation.

**Achievements**

Highlights of the work on dispute mediation in 1999 included:
- Organization of the “Advanced Seminar on the WTO Dispute Settlement Understanding,” which was held at the APEC Secretariat in Singapore on 19-21 April 1999.
- Publication of the 1999 updated version of the Guide to Arbitration and Dispute Resolution in APEC Member Economies.
- Launching of the Guide to Arbitration and Dispute Resolution in APEC Member Economies on the APEC website.

Next Steps
- More training in WTO law and procedures, including simulation exercises in training programs as well as tailoring programs to the special needs of the region.
- To update the Guidebook to Arbitration and Dispute Resolution in APEC Member Economies periodically to reflect changes in member economies’ arbitration laws, procedures, etc.
- To maintain and update the Guidebook website, as well as to enhance the website by establishing links to arbitration and other legal sites in member economies, links to other international organizations doing arbitration work, and a link to the investment site on the APEC web.

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Mobility of Business People

The Osaka Action Agenda of November 1995 commits APEC members to enhance business mobility by exchanging information on regulatory regimes, streamlining the processing of short-term business visitor visas and procedures for temporary residence of business people, and
maintaining a dialogue on these issues with the business community. Australia is the Convenor for business mobility.

**Business and Private Sector Participation**

The APEC Business Advisory Council (ABAC) has made facilitation of business travel a priority. The CTI’s agenda on business mobility has been guided by ABAC’s recommendations, and the informal Experts Group on Business Mobility has informed ABAC of its progress. Business has also been closely consulted in development of the APEC Business Travel Card scheme and introduction of other APEC initiatives.

**Achievements**

APEC members:

- Have agreed in principle to adopt improved service standards for processing applications for and extensions of temporary residence permits for executives, managers and specialists transferred within their companies to other APEC economies.
- Have collectively agreed to issue multiple-entry visas to frequent business travelers from other APEC economies and have acted individually to facilitate business travel, such as by expanding visa-waiver programs or extending the validity of multiple-entry visas.
- Have launched a technical cooperation program to help members implement advanced border management techniques.
- Maintain up-to-date information on their requirements for short-term business visas and temporary business residency permits in the Internet version of the *APEC Business Travel Handbook* ([http://www.apecsec.org.sg](http://www.apecsec.org.sg)). The Handbook also includes contact information on offices that issue visas across the APEC region.
- Australia; Chile; Hong Kong, China; Korea; and the Philippines are implementing a trial of the APEC Business Travel Card scheme, which offers accredited business travelers visa-free travel and expedited airport processing when visiting participating economies. Malaysia and New Zealand joined the Business Travel Card in 1999.

**Next Steps**

Members will begin implementation of their agreement to streamline processing of temporary business residency permits. Technical cooperation in 1999 continues to focus on raising members’ capacity to detect document fraud as a means to streamline entry for legitimate business travelers and a number of training sessions were undertaken in this regard by Australia; Canada; Hong Kong, China; and the US. Economies participating in these and other sessions included Brunei Darussalam, China, Chile, Indonesia, Korea, Malaysia, Mexico, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei and Viet Nam.

**Mobility of Business People - Key Contacts**

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Implementation of Uruguay Round Outcomes

Since its creation in 1989, APEC has taken the position that it should build on the open multilateral trading system. Thus APEC Ministers and Leaders committed themselves to an early and successful conclusion of the Uruguay Round (UR), and agreed after its conclusion to carry out UR commitments fully and without delay.

The task of this area is to promote opportunities for training and exchange of views and experiences on challenges and solutions related to implementation of the UR outcomes. The goal is full and effective implementation of UR outcomes within the agreed time frame, in a manner fully consistent with the letter and spirit of the WTO Agreement.

At its meeting in Christchurch in May 1999, CTI decided to realign work in the areas of UR so that the existence of the Informal Group on UR may no longer be necessary, and the substantive work will be carried out under the direct responsibility of the CTI Chair. Focal points, however, would be nominated to assist the CTI Chair and CTI plenary in overseeing work in this issue area.

Business and Private Sector Participation

The business and private sector have not been so active in the UR Implementation seminars and workshops. Member economies will further consider whether to hold periodic seminars with the business and private sector on UR Implementation.

Achievements

- A seminar on the WTO New Agreements was held in Tianjin, China from 24-26 May 1999.

Next Steps

Member economies will consider participation in additional implementation seminars, and discuss subsequent UR Implementation seminars to enhance participation in the WTO built-in
agenda and to maintain the momentum for liberalization in APEC and the WTO. Member economies will also contribute to an annual review to monitor progress on UR Implementation, and identify provisions of the UR Agreement that are especially relevant to APEC work.

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**Early Voluntary Sectoral Liberalisation (EVSL)**

In Vancouver, APEC Leaders agreed to early voluntary sectoral liberalization (i.e., liberalization before the agreed goal of 2010 for industrialized economies and 2020 for developing economies) in 15 areas, i.e., environmental goods and services; fish and fish products; forest products; medical equipment and instruments; telecommunications mutual recognition arrangement (MRA); energy sector; toys; gems and jewelry; chemicals; oilseeds and oilseed products; food sector; natural and synthetic rubber; fertilizers; automotive; and civil aircraft. The first nine sectors were identified for finalization by the end of 1999 and the remaining six for further development.

The EVSL initiative is unique in that it envisages a three-track approach to liberalization – including market opening measures, trade facilitation activities and economic and technical cooperation initiatives.

**Business and Private Sector Participation**

Since the early stages of the EVSL exercise, Ministers have emphasised the importance of taking into account private sector interests. Member economies have consulted with business in developing the liberalisation initiatives for each sector. In some sectors it is envisaged that the private sector would be directly involved in implementation, e.g., in economic and technical cooperation activities.

**Achievements**

- APEC participating member economies developed and reached an agreed schedule in all nine sectors under the EVSL exercise. It was agreed that APEC member economies may implement immediately the tariff commitments on a voluntary basis while carrying forward and seeking to broaden participation in the tariff elements to the WTO. In the WTO, the EVSL initiative has been renamed – ATL (Accelerated Tariff Liberalisation) initiative.
• APEC participating member economies resolved that the tariff elements of the remaining six sectors should be negotiated within the WTO.
• During 1999, the Committee on Trade and Investment continued to play a coordinating role in carrying forward the work on the non-tariff measures, facilitation and ECOTECH elements in the 15 EVSL sectors.
• A process of notification and cross-notification to identify the non-tariff measures affecting the EVSL sectors has commenced. A number of facilitation and economic and technical cooperation initiatives were developed and approved for implementation in 1999 and 2000.
• An APEC Automotive Dialogue, established to serve as a forum for government and industry representatives to work together to map out strategies for increasing integration and development of the automotive sector within the region, met for the first time in Bali, Indonesia on 26-27 July 1999. It was attended by 175 senior officials and industry representatives from 12 economies to exchange views on a range of issues affecting the automotive industry.

Next Steps

• Participating APEC member economies to implement the agreed work programmes on NTMs, facilitation, ECOTECH and other initiatives and develop further initiatives, where appropriate, in the same elements for future consideration.
• Participating APEC member economies to undertake further work on the ATL initiative (i.e. tariff element of the EVSL) in WTO.

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Economic Committee

The Economic Committee (EC) was established at the Sixth APEC Ministerial Meeting in Jakarta in November 1994, when the Ministers agreed to transform the Ad Hoc Group on Economic Trends and Issues into a formal policy committee. The Committee serves as a forum for member economies to exchange information and provides views and analyses on economic issues in the region. It aims to promote common understanding within APEC on, and disseminate information concerning, economic linkages and economic trends and issues in the region. The Committee undertakes analytical work on economic trends and issues in the region, on trade and investment liberalization and facilitation (TILF) matters, and on cross-cutting economic and technical cooperation (ECOTECH) issues as directed by SOM.

Business and Private Sector Participation

As a policy-level forum, the Economic Committee does not have direct participation by the business and private sector at its plenary sessions but the Pacific Economic Cooperation Council (PECC) attends as an observer.

Business people are an important element of each economy’s delegation to the annual Public-Business/Private Sector Dialogue on Infrastructure and to the design, leadership and implementation of project activities conducted under the Infrastructure Workshop. Both small and large firms are represented. Business input is critical to the conclusions of the Dialogue and the success of the project activities.

Achievements

Between 1998 and August 1999, the Committee:

• Prepared and published the annual *APEC Economic Outlook*, which reviews member economies’ recent economic performance and future prospects. The 1998 edition considers the impact of the Asian economic and financial crisis and the role of science and technology in supporting economic growth and development. The Committee organized a symposium in China in May 1998 to discuss the issues covered in the *APEC Economic Outlook*, and published the proceedings of the symposium as a companion volume to the *Outlook*.

• Organized the 4th Public-Business/Private Sector Dialogue on Infrastructure Development, held in Taipei, which focused on infrastructure and sustainable development. The proceedings of the Dialogue were published by the Committee.

• Prepared a substantive report for Economic Leaders and Ministers on APEC’s response to “The Impact of Expanding Population and Economic Growth on Food, Energy and the Environment”, drawing together APEC’s work on food, fisheries, energy, industrial science and technology, and sustainable development. Published the proceedings of a symposium held in September 1997 in Canada to discuss these cross-cutting issues, and analytical studies prepared by the Task Force on Food.

• Contributed to APEC’s work on infrastructure through the activities of the Infrastructure Workshop. Worked towards implementation of the framework endorsed by Leaders and Ministers in 1997 for strengthening economic and technical cooperation on infrastructure through developing projects on integrative approaches to planning and financing rural area and urban hub economic developments and supporting infrastructure, sustainable cities, urban development in the information age, and an infrastructure facilitation network.
• Prepared a Survey of Trade-related Environmental Measures and Environment-related Trade Measures. Organized a seminar in Beijing in July 1998 to discuss the conclusions of the Survey and the establishment of a database on environmental measures which impact on trade liberalization and facilitation. Published the results of the Survey and the seminar papers.

• Published research studies on Survey Results on the Use of Economic Instruments for Environmental Protection in APEC Economies and Towards an Information Society: Developments in APEC. All the titles published by the Economic Committee can be purchased from the APEC Secretariat using the order form available on the APEC Secretariat’s website.

• Published The Impact of Investment Liberalization: Individual Economy Review and Industry Case Studies and the Survey on Trade-Related Environmental Measures and Environment-Related Trade Measures in APEC recently. Research work on the Movement of Goods, Services, Capital and Labor; Cost and Productivity Trends and Patterns of Specialization has been completed and published.

• Commenced work on APEC Economies Beyond the Asian Crisis. The crisis has been a central concern for the APEC community. The broad focus of this project is to examine vital issues arising from the crisis from longer-term perspectives. Taking a longer term approach is key to this project. The project will provide the analytical basis for developing an APEC response to the challenge of restoring stability and growth. This project is the centre-piece of the 2-year EC work program.

• Undertook APEC’s 1999 Economic Outlook, prepared by Chile as coordinator which will include in its structural chapter analysis of the short term impact of the financial and economic crisis. Chile hosted an Expert Meeting on the Economic Outlook in June 1999, Santiago, attended by a number of EC representatives and by the Chair. Good progress has been made on finalising the report which will be presented to Ministers in September 1999.

• Commenced a new initiative overseen by Korea on APEC Cooperation in Knowledge-based Industries to promote better understanding on knowledge-based Industries by developing concepts of knowledge-based industries, surveying the current status and organising seminar. Korea is already embarking on the second stage of this project after presenting a progress report at SOM III and will be finalising the project in time for presentation to Ministers and Leaders in Brunei in 2000.

• Undertook an update by Singapore and Japan called Assessing APEC Trade Liberalization and Facilitation – 1999 Update which updates an earlier study by the Committee on the Impact of Trade Liberalisation in APEC presented to the Vancouver Ministerial Meeting in 1997. The original study was the first ever attempt to quantify the effects of trade liberalisation efforts on APEC member economies. Such an effort provided an objective basis for considering and promoting trade liberalization and facilitation within APEC.

Next Steps
The EC held its second plenary meeting for the 1999 cycle on 9-10 August 1999 in Rotorua, New Zealand. The Committee elected a new Chair, reviewed its operating procedures and agreed on its program of analytical work for 1999-2000, which aims at addressing central economic issues of concern for APEC Leaders, Ministers and SOM; and providing analytical basis for advancing the TILF and ECOTECH Agendas.

Overview of the Work Program for 1999-2000
(1) APEC Economies Beyond the Asian Crisis
The crisis has been a central concern for the APEC community. It topped the agenda for the Leaders and Ministers meetings at Kuala Lumpur. To address this central concern for APEC, the EC is undertaking a new research project “APEC Economies Beyond the Asian Crisis” as a major task in its two-year work program. The broad focus of the project is to examine vital issues arising from the crisis from longer-term perspectives. It is noted that Economic Outlook, the EC’s annual exercise, focuses on current economic conditions and short term prospects of APEC economies.

The scope of the project is:

- to assess the impacts and implications of the Asian crisis on the region’s growth potential, trade and investment, infrastructure development, human resources and other social aspects,
- to outline likely scenarios for growth, and trade and investment dynamics, highlighting the factors shaping the future of APEC member economies, and
- to suggest broad directions of policies to achieve sustainable growth and equitable development, with a view to linkages between APEC agendas and the region’s future developments.

Topics for research include (a) impacts on growth potential and growth scenarios, (b) impacts of the crisis and future developments on trade and investment, (c) social impacts including issues of human resource development, and (d) impacts on small-and medium-sized enterprises (SMEs).

Japan (a), Korea (b), the Philippines (c), and Chinese Taipei and Indonesia (d) will carry out the studies on the above topics. Japan will take on the primary responsibility for overall coordination.

International financial institutions and other bodies have undertaken various studies concerning the crisis. This project will draw on and benefit from those studies. A progress report summarizing preliminary results of the findings will be tabled at the Ministers Meeting in New Zealand in September 1999. A major symposium will be held in Tokyo at the end of 1999 to discuss the project’s interim outputs. Wide participation will be sought from economic experts of the APEC member governments and international organizations, scholars, and business people.

The final report will be prepared in time for the Ministerial and Leaders Meetings in Brunei in the year 2000.

(2) APEC Economic Outlook

The Economic Outlook has been tailored to serve APEC policy priorities. It is timed to be tabled annually at the Ministerial meeting. Its first part updates and summarizes recent developments and short-term prospects of all APEC member economies, and its second part addresses topical structural issues bearing on priority themes of TILF and ECOTECH agendas.

Chile has taken the lead in preparing the 1999 Economic Outlook as the coordinator. Its preparation is making progress in view of the shorter-than-usual time frame for the 1999 APEC cycle. The 1999 Outlook will review the vital issues arising from the Asian economic crisis by reviewing its causes and impact on the world economy. It also will provide a summary of the trends of various key economic indicators to demonstrate how APEC economies have performed through the Asian crisis period. The 1999 Outlook, including updated economic developments and individual economy projects will provide timely and relevant information for discussions by the Leaders and Ministers in September 1999.

(3) Promotion of Knowledge-based Industries in the APEC Region

At the 1998 APEC Leaders’ Meeting in Kuala Lumpur, Leaders noted that “knowledge-based industries and tourism have considerable potential to contribute to growth and development in the next century”, and recognized “the need for efforts to maximize the contribution of these sectors to the prosperity of APEC economies”.

To follow up the above Leaders’ directions, Korea proposed a new initiative to promote better understanding on knowledge-based industries and to develop a cooperative action for the member economies. At the first stage, in order to improve understanding on knowledge-based industries, concepts of knowledge-based industries will be developed. Other steps taken will include to survey the current status of knowledge-based industries, identify best practices for knowledge-based industries, organize seminars, and open internet discussion site. Korea hosted an expert seminar in June 1999 in Seoul on the topic of promoting knowledge-based industries in the region. A wide range of participants including representatives from the governments and their research institutes and experts from OECD and World Bank attended. The outcomes of the seminar will be reported to the EC. The government of Korea has also opened the “knowledge-based Industries Group” within its homepage. Based on the outcome of the first stage activities, possible work programs for all the member economies will be developed at the second stage for consideration of Ministers and Leaders.

(4) Assessing APEC Trade Liberalization and Facilitation-1999 Update

In 1997, the EC undertook a study on the impact of trade liberalization in APEC. This study was APEC’s first attempt to quantitatively assess the effects of APEC trade liberalization efforts on member economies, providing an objective basis for considering and promoting trade liberalization and facilitation within the APEC. The final report was tabled and highly appreciated at the 1997 Ministerial meeting at Vancouver.

It was agreed to update this study to assess the most recent APEC trade liberalization and facilitation initiatives (IAPs and CAPs). The new study will employ the same analytical approach using a computable general equilibrium (CGE) model, a standard tool for trade policy evaluation. However, the study will also substantially update the database of the model, factor in the new APEC economies, and assess non-modelable factors. Japan and Singapore are undertaking this study in collaboration with other interested members. An expert seminar was held in Tokyo in June 1999 and the final report will be tabled at the Ministerial meeting in September 1999.

The new study updates the earlier study to assess where APEC now stands by: (i) incorporating the most recent trade measures (IAPs and CAPs) including the new APEC members (ii) using a computable general equilibrium model and (iii) substantially updating the data base. A key aim of the study is to present sophisticated results in a clear cut, easy to understand manner. The final report has benefited from members comments and an expert seminar held in Tokyo in June 1999. Throughout the analysis in this report, trade liberalization and facilitation in APEC prove to have important contribution to the long-term growth in the region. The estimated income gains from the committed APEC actions amount to US$78 billion (in 1997 prices, 0.5 percent of GDP). The APEC developing members, including the crisis-affected economies, generally enjoy the higher gains. Including various dynamic effects that cannot be captured by the Computable General Equilibrium mode, the gains would increase to 1.2 to 1.4 times for long term, or about US$100 to 110 billion. The estimation of the model simulations of tariff elimination and full trade facilitation indicates that there may be more economic gains.

Trade facilitation and competition policies

The updated model estimates confirmed the significant role of trade facilitation. A real income gain of some US$50 billion may accrue to the region from the already committed APEC trade facilitation measures. There is still a potential to expand the gains by progressing the trade facilitation actions which contribute to reducing the costs for imports. The focus of 1999 APEC process on the facilitation should be well justified.

(5) The Infrastructure Workshop Work Program
The Infrastructure Workshop is undertaking the following projects for 1999-2000:

(a) Public-Business/Private Dialogue on Infrastructure and Sustainable Development

Public-Business/Private Sector Dialogue on Infrastructure and Sustainable Development was held in Kuala Terengganu, Malaysia in April 1999. The themes of the 1999 dialogue were “sustainable urbanization for the 21st century” and “preparing investment for the information age and beyond”. The dialogue took up the challenge of what necessary steps were needed to ensure that high participation level was achieved again in the future.

(b) Regional Integration for Sustainable Economies (RISE), formerly Infrastructure to Diversify and Integrate Rural Economies

This initiative, coordinated by the United States, aims at developing an approach to rural development based on integrating rural economies into the broader marketplace to increase efficiency and provide the basis for structural adjustment. A planning meeting held on 26 May at St Louis indicated the strong level and diversity of backgrounds of the private sector interest in the project. The RISE Symposium on 8-10 September is important as pilot projects, methodologies and incentives for private sector participation will be discussed.

(c) Infrastructure for Sustainable Cities

This initiative, coordinated by Canada and Malaysia, focused on capacity building and information support to policy decision making for developing urban infrastructure required for the sustainability of cities through networking and knowledge management. It plans to establish a sustainable cities website designed to serve senior urban decision-makers in making better environmental choices for their region and cities.

(d) Infrastructure Facilitation Network

This initiative of APEC Infrastructure Facilitation Network (AIFN) is to encourage the evolution of self-organizing facilitation network including infrastructure agencies that have been active in various aspects of infrastructure. Chinese Taipei, meanwhile, proposed to encourage the continued participation of the private sector through a network of APEC Infrastructure Resource Integration Centers (AIRICs) linking region-wide groups of those involved in infrastructure development. Consultations, led by Indonesia, to identify potential ways in which various proposals could be integrated are still ongoing. The supporting Infrastructure Development Database (ID*2) established by Chinese Taipei with wide member support in 1997 is being updated and enhanced to accommodate suggestions in member survey responses.

(e) Economic Regulation and Creditworthiness Enhancement

This initiative is currently being conducted as a domestically oriented work team by Indonesia with Canada, the United States, World Bank and the Asian Development Bank direct participation and technical support. It includes direct application of best practice approaches set out in the previous Dialogues through a roundtable stakeholder and experts process.

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Budget and Management Committee

The Senior Officials’ Meeting (SOM) in September 1993 agreed to establish the Budget and Administrative Committee (BAC) to advise APEC Senior Officials on budgetary, administrative and managerial issues. The BAC assesses and makes recommendations on the overall budget structure, considers budget requests, drafts the annual APEC budget, and examines all questions relating to the APEC budget and budgetary processes. The BAC also monitors and evaluates the operations and overall performance of working groups and makes recommendations to the SOM for improved efficiency and effectiveness. Ministers in November 1998 re-designated the Committee to Budget and Management Committee (BMC) with a view to strengthening the management of APEC projects.

TILF Special Account

At the Economic Leaders’ Meeting in Osaka in 1995, the members adopted an Action Agenda for the implementation of the Bogor commitment to achieve free and open trade and investment in the Asia-Pacific region no later than 2010 in the case of industrialized economies; and 2020 in the case of developing economies. As the member economies proceed to meet their trade and investment liberalization and facilitation commitments, their efforts are enhanced through cooperative projects supported by APEC.

While respecting the individual efforts of member economies, Japan proposed at the Osaka Leaders’ Meeting in 1995 to contribute, where necessary, up to 10 billion yen to the APEC Central Fund over the coming several years for use in appropriate cooperative projects formulated in support of trade and investment liberalization and facilitation.

Business and Private Sector Participation

As an internal administrative forum, the BMC does not have direct participation of the business and private sector at its sessions.
Achievements

The BMC has performed the functions set out above. The BMC usually holds two regular meetings each year. These are supplemented, if necessary, by ad hoc meetings and decisions taken inter-sessionally by circulation.

From January to August 1999, the BMC:

- Received the auditor’s report on the 1998 accounts of the APEC Central Fund;
- Approved a number of urgent 1999 projects and welcomed mid-year savings to the 1999 Administrative Account budget;
- Examined the progress reports and evaluation reports of ongoing and completed projects;
- Formed itself into seven small groups to conduct more in-depth examination of evaluation reports and provide better feedback to other fora, and decided how to handle inadequate evaluation reports;
- Reduced the frequency for fora to submit progress reports and allowed more time for fora to submit evaluation reports;
- Conducted its own self-review and compiled a report on the budgetary/management aspects of other fora’s self-reviews for SOM in the context of the Management Reform Process;
- Provided clarifications and guidance on a number of generic issues in project management, such as the definition of ‘urgent’ projects, eligibility of travel costs, rejection of incomplete project proposals, reduction of excess print-runs, and considered the cost-effectiveness of hosting APEC websites and databases;
- Recommended lists of 2000 Operational Account and TILF Special Account projects, which will be finalised by BMC and Senior Officials after considering urgent initiatives which may arise from the Leaders’ and Ministers’ meeting to be held in September in Auckland;
- Recommended that the 2000 members’ contributions to the Operational and Administrative Accounts of the APEC Central Fund should remain at the same levels as for 1999;
- Approved the revised “Guidelines on APEC Database projects and websites”;
- Made use of an access-controlled website for distributing the papers of the July meeting electronically, and for BMC members to exchange views on various issues before the meeting; and
- Noted the variables which may affect the 2001 and 2002 Administrative Account budgets.

Next Steps

The BMC will continue to perform its budgetary and management functions.

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The ESC developed its relationship with other APEC fora in order to improve coordination of ECOTECH work and to ensure that ECOTECH activities add value and contribute to the achievement of APEC goals. The ESC continued to achieve a balance in all three pillars of APEC cooperation to ensure sustained economic growth and development. Economic and technical cooperation has acquired added urgency and further focus is given to strengthening coordination in ECOTECH activities and intensifying work in the priority areas.
Achievements

Since SOM II in Christchurch in May 1999, ESC has achieved the following:

- The ESC, with assistance from the APEC Secretariat, conducted an initial evaluation of 250 ECOTECH projects/activities underway or reaching completion in 1999.
- The ESC monitored the implementation of the projects/activities that flowed from initiatives endorsed by the Leaders in Kuala Lumpur in 1999, especially the Kuala Lumpur Action Plans in Skills Development and the implementation of the APEC Agenda for Science and Industrial Technology for the 21st Century.
- The ESC established a system of focal points (coordinators) to review progress in the implementation of the six priority ECOTECH themes under the 1996 Manila Declaration. In 1999, the ESC focused on the themes of “developing human capital”, “harnessing technologies for the future” and followed by the themes of “strengthening economic infrastructure” and “strengthening the dynamism of SMEs”.
- The ESC monitored the implementation of the “Guidance on strengthening management of the APEC ECOTECH activities” by APEC fora and collected information from the relevant fora on the progress made.
- The ESC developed a “weightings matrix” to assist the BMC in assessing ECOTECH project proposals. It would be useful for working groups and fora to consider using the matrix to ensure that projects have merits and focussed outcomes. The ESC will monitor the operation of the system through considering a sample of weighted matrix.
- The ESC recognized the need to enhance information flows between the identification of ECOTECH “needs” and the capacity to provide appropriate expertise. The objective is to strengthen coordination and further improve the effectiveness of economic and technical cooperation activities, and to avoid duplication of ECOTECH activities in APEC. The ESC will establish a mechanism that would be dynamic and on-going, that would serve as a “Clearing House” for the matching of economy “needs” and “capacities”.
- The ESC received a full compilation of self-reviews by the working groups, including the ATC and PLG SMEs with the view to providing policy comments to SOM. It is observed that all the self-reviews of the relevant fora are consistent with the common guidelines for self-review approved by APEC Ministers. Most of the APEC fora have complied with the objectives of Part 2 of the Osaka Action Agenda, which contains the essential elements of economic and technical cooperation. The Working Groups, ATC, SME PLG have also complied with the Manila Framework Declaration for Strengthening Economic Cooperation and Development. The ESC has submitted its comments on policy aspects of the relevant fora’s self reviews to the SOM.

Next Steps

The ESC will continue to assist the SOM in coordinating and managing APEC’s ECOTECH agenda, as well as identifying value-added initiatives for cooperative action. The ESC will advance more effective implementation of the APEC’s ECOTECH agenda by consulting with, and integrating the efforts of, various APEC fora through a results-oriented, outcomes-based approach that benefits all member economies. The 250 projects currently in progress represent a significant body of work. More efforts should be devoted to publicizing ECOTECH activities and achievements since much of this work is not well known beyond the relevant working groups.
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Energy

The Energy Working Group (EWG), launched in 1990, has the objective 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. The EWG contributes to decision-making through frank and open discussion of members’ energy policies and planning priorities, sharing basic resource demand and supply outlook data, and considering the regional energy policy implications and responses to wide-reaching energy-related issues.

Business and Private Sector Participation

The business/private sector is involved in the work of the EWG through the EWG’s five Expert Groups and is represented at EWG meetings by the PECC Energy Forum. Business participates in, and supports, EWG events such as seminars, training programs and technology
demonstrations. A business sector/Ministerial dialogue has been held in conjunction with the three Energy Ministers’ meeting held to date.

In March 1998, the EWG decided to establish the EWG Business Network to provide the views of the business sector to the EWG. The Network comprises two business representatives from each economy. The first meeting of the Network took place in April 1999 in conjunction with the seventeenth meeting of the EWG. Members of the Network presented a report to the EWG and discussed its findings with the EWG. The EWG meeting also discussed the findings of the business/government Energy Infrastructure Investment Workshop, which was also held prior to EWG 17. The purpose of the Workshop, which was requested by Energy Ministers, was to develop recommendations for early action to improve investor confidence and mobilize capital for energy infrastructure projects.

**Achievements**

The EWG has:

- Published *APEC Energy Statistics* on a regular basis, consisting of annual and quarterly data covering energy balances, final energy consumption, supply and demand by energy sources and electricity, and stock changes for APEC member economies.
- Developed and obtained the agreement by Energy Ministers to implement 14 Rational Energy Policy Principles which give impetus to the reform of energy policies in member economies. Ministers in Okinawa (1998) reviewed further progress in implementing the non-binding principles.
- Held three Energy Ministers’ meetings (Sydney, August 1996; Edmonton, August 1997; Okinawa, October 1998).
- Secured endorsement by Ministers of a set of non-binding principles for good environmental practice aimed at ensuring new power infrastructure additions in APEC economies are environmentally sound. A work program to promote environmentally sound power infrastructure was endorsed by Ministers in Okinawa.
- Conducted a program of seminars, training courses and information exchange activities aimed at promoting new and renewable energy technologies, more efficient energy production and use, and the mitigation of the environmental impact of energy production and use, including through the application of clean fossil energy technologies.
- Completed and published a comprehensive *Regional Energy Supply and Demand Outlook* to the year 2010. The issues arising from the *Outlook* were addressed by Ministers in Okinawa, where they provided further guidance to the EWG on its future work.
- Gained endorsement from Energy Ministers to a set of policy recommendations to facilitate investment in natural gas supplies, infrastructure and trading systems in APEC.
- Agreed to establish two Implementation Committees on a voluntary basis to oversee the early implementation of recommendations with respect to the initiatives on best practices for Independent Power Producers and natural gas, noting the priorities identified by business sector.
- Obtained Ministers’ endorsement for a pledge and review system aimed at improving energy efficiency.
• Secured Ministers’ endorsement for an Energy Efficiency Standards Notification Procedure.

Next Steps

The EWG will continue its work program based on the Osaka Action Program for Energy and the priorities established by Ministers and Economic Leaders including:

• Further development of the energy database and the comprehensive linked database of mineral investment opportunities in the APEC region.

• Implementation of the directions given by Ministers including:
  - Work arising from Ministers’ deliberations on the energy outlook at Okinawa;
  - Additional progress on cooperation in energy standards;
  - Implementation of the endorsed work program on environmentally sound power infrastructure development;
  - Further progress on energy efficiency, including implementation of the pledge and review system endorsed by Ministers; and
  - Development of work programs relating to the best practice principles for IPPs and the Natural Gas Initiative.

These issues will be progressed at the next meeting of the EWG to be held in New Zealand on 18 and 19 November 1999.

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EWG Website
Fisheries

The Fisheries Working Group (FWG) was created by the SOM in 1991. It aims to: promote the conservation and sustainable use of fisheries resources; promote sustainable development of aquaculture and habitat preservation; seek solutions to common fisheries resource management problems and aquaculture disease control; enhance food safety and quality of fish and fisheries products; and promote sector-specific work relating to trade and investment liberalization and facilitation.

Business and Private Sector Participation

The business and private sector does not usually participate in Fisheries Working Group meetings, but in some cases has been involved at the project level. At FWG 10 in May 1999 the working group approved new guidelines on business involvement and private sector participation which aims to encourage increased involvement and participation of the private sector through inclusion of industry representatives in delegations to FWG meetings, developing joint projects with other regional fisheries and aquaculture organisations and involvement of industry specialists in FWG projects. Representatives of the PECC regularly take part in FWG meetings.

Achievements

The FWG’s achievements in 1998 and 1999 included:

- Publication of a ‘how-to’ manual on airshipment of live and fresh fish and seafood to selected APEC member economies. (The publication is available from the APEC Secretariat and is on the APEC Secretariat website)
- Publication of an Inventory of Fisheries Administrations and Organizations in APEC Members (1997).
- The Aquaculture Forum (Taipei, June 1998) which focused on the growth and development of sustainable aquaculture in the APEC region.
- A study entitled Free Trade and Investment in the Fisheries Sector of the Asia-Pacific Region: Economic Analysis of Tariffs.
- Joint APEC-NACA Workshop on Grouper Research and Development (Hat Yai, Thailand, April 1999)
- An Ad-hoc Workshop on Fisheries Management (Kesen-numa, Japan, July 1999) which focused on implementing international recommendations and instruments for responsible fishing.

Next Steps

The FWG will continue to be engaged in the long-term fisheries trade study project that analyzes trade issues over a period of four years, covering tariffs, non-tariff measures, investment measures, and subsidies. The FWG continues to be engaged in issues relating to aquaculture and has begun a number of projects in 1999 including a collaborative APEC grouper research and development network, a collaborative aquaculture education program and a project examining the role of women in aquaculture. The FWG has also started work on the development of an internet-based marketing information service for the fishing, aquaculture and fish processing industries in
APEC. The FWG will conduct a joint activity with the MRCWG on coral reefs and destructive fishing practices.

At FWG 10 it was agreed that the FWG would assume overall responsibility for the work arising out of the EVSL initiative in the Fish Sector. In 1999 the FWG will be overseeing projects on *A Study to Reduce Impediments to Early Voluntary Sectoral Liberalisation in the Fisheries Sector* and *Study into the Nature and Extent of Subsidies in the Fisheries Sector in APEC member economies*.

Participants at the FWG *Ad-hoc* Workshop of Fisheries Management in Japan in July 1999 also supported the preparation of three new projects (for consideration at the 11th meeting of the FWG in 2000), focusing on:

- The development of a registry of APEC economy fishing vessels authorised for use on the high seas which aims to test the feasibility of operating a registry as contemplated in the FAO Compliance Agreement, to gain experience in the type of international cooperation envisaged in Article V of the FAO Compliance Agreement, and to build confidence in internationally agreed measures to deter illegal, unregulated and unreported (IUU) fishing.

- The development of a project proposal titled APEC Economy Seabird Bycatch Avoidance Information Exchange, which aims to develop suitable seabird bycatch avoidance techniques, and build confidence in internationally agreed measures to avoid seabird bycatch.

- A project aiming to identify and assess the effectiveness of trade measures against IUU, FOC and non-members fishing operations.

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Human Resources Development

Established in 1990, the Human Resources Development Working Group (HRDWG) covers a broad range of human resource development issues from basic education to industrial training to leadership and management for Small and Medium Enterprises (SMEs). Human Resources Development (HRD) is one of the ECOTECH priorities of APEC and the HRDWG has a special role in furthering the issue.

There are five main areas of work undertaken by the HRDWG, each managed by a network or a subgroup. The Business Management Network (BMN) focuses on management development and executive education. The Network on Economic Development Management (NEDM) addresses HRD in macro-economic development as well as issues of productivity and gender equity in labour forces and workplace. The HRD Network for Industrial Technology (HURDIT) focuses on technical skills training. The Education Forum (EDFOR) deals with issues of quality and accessibility on education systems. The Labour Market Information (LMI) Group, focuses on development of effective and comparable data on labour market trends in the region.

The 20th HRD WG Meeting was held in Hong Kong, China on 10-14 May 1999. Among things discussed include:

- Preparations for the 2nd APEC Education Ministerial Meeting in Singapore, 6-8 April 2000, with the theme of “Education for Learning Societies in the 21st Century”.
- Setting up a small group to lead the discussions on a more cost effective structure for the HRDWG with the possible reduction on the number of meeting and looking for virtual option and reducing the number of Networks in the HRDWG,
- Holding a seminar on Human Resources Management Policy, Strategy and actions to Minimize the effect of Economic Retrenchment in the Region.
- Exploring the possibility of the HRDWG to coordinate all HRD activities in APEC in the future, and
- Submitting nine project proposals for possible APEC funding in 2000.

The Third APEC HRD Ministerial met in Washington D.C. on 27-19 July 1999, whereby they agreed to:

- Place HRD & other employment policies at the center of economic policy & promoting cooperation, including the sharing of experiences & best practices, in this ear of increasing globalization,
- Increase collaborating & information exchange with & among other regional & international organizations & through enhanced cooperation among government, business, labour & civil society, and
- Use the diversity of APEC experiences to build upon existing knowledge & share lessons learned.

To this effect, the HRD Ministers direct the HRDWG to:

- Facilitate & coordinate an on going exchange of information on labour market systems & social safety nets issues, & effectively disseminate such information to APEC member economies,
- Identify & demonstrate more effective ways to work in cooperation with labour, business, & civil society, as appropriate, & consistent with APEC guidelines, in considering employment policy & labour market systems, social safety nets, workplace practices & other aspects of HRD.
Among the projects that HRDWG is implementing in 1999, are as follows:

- Maintenance of the APEC LMI Database.
- Integration of Information and Communication Technologies through Teacher Professional Development and Pre-Service Training.
- Conference on Workplace Safety & Health
- Successful Practices in Human Resources Development in the Workplace: Contributions from Labour, Management, and Government.
- Best Practices Workshop on School-to-Work Transitions for Youth at Greatest Risk of Unemployment.
- Trade & Investment Insurance Training Program (Phase II)

**Business and Private Sector Participation**

The HRD WG discussed how to maximize private/business sector participation in working group activities. The APEC Chief Human Resources Officer (CHRO) Network project aims to establish a regular dialogue mechanism by which entrepreneurs, high government officials and senior researchers from APEC economies can jointly analyze the challenges of enterprise management in the region. Business and private sector participates in the HRD Activities through member economies’ delegations.

**Achievements**

- Following up to a report of the HRDWG Task Force that was presented to the Leaders in Kuala Lumpur in November 1998, the Task Force released a new report on “Innovative Labour Market Adjustment Policies and Programs in APEC Member Economies”. This was also presented to the Ministers and Leaders in Auckland September 1999:
- Contributed to the formulation on the Framework for the Integration of Women in APEC
- Twenty completed projects in the area of education, training and skills development, business management and electronic commerce, labour market, and on women and youth.

**Next Steps**

The HRD WG will continue to implement initiatives on a range of HRD issues in response to the direction from APEC Leaders and Ministers. In particular, for next year, the HRD WG will see to the implementation of the recommendations of the 3rd APEC HRD Ministerial Meeting and also finalising discussion on the restructuring of the HRDWG structure. The HRD WG will hold its 21st meeting in Sapparo, Japan on 25-28 January 2000.

The HRD WG will continue its efforts to have closer working relations and coordination with other APEC fora, to enhance its managing practices of its activities and to develop better dissemination of project outcomes and results, and to effectively evaluate completed projects and to incorporate ‘lessons learned’ from these projects into policy-oriented works.

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Lead Shepherd
Industrial Science and Technology

The Industrial Science and Technology Working Group (ISTWG) was formed at the APEC Ministerial Meeting in Singapore in 1990 as the Working Group on Expansion of Investment and Technology Transfer. It has changed its name several times since then. The ISTWG operates within the formal framework of APEC and the policy directions set by Leaders, and is guided by statements of APEC Ministers responsible for science and technology.

The ISTWG’s program is based on the working group’s vision for the twenty-first century of a dynamic and prosperous Asia-Pacific region built on the development and application of industrial science and technology that improves the quality of life while safeguarding the natural environment achieving sustainable development.

The ISTWG has six key priorities: improved availability of information; improved human resources development; improved business climate; contribution to sustainable development; enhanced policy dialogue and review; facilitation of networks and partnership.

Business and Private Sector Participation

The ISTWG has underscored a close cooperation between the Group and in many activities such as ‘Technomart’ held in Chinese Taipei (1998), and the meetings of the APEC Science and Technology Industrial Parks Network: Beijing, China (1997), Perth, Australia, (1998). The business and private sectors are encouraged to participate in the ISTWG activities.
Achievements

The ISTWG issued the ISTWG *Handbook for Members* to ensure that its members are well briefed and that the group is effectively organized. The *Handbook* describes the current aims, policies, procedures and practices of the group.

In addition to conducting a series of seminars, symposia and workshops, the ISTWG has completed several projects, including:

- ‘Technomart I and II’;
- Meetings of the APEC Science and Technology Industrial Parks Network;
- The 1st Asia-Pacific Youth Science Festival;
- APEC Study on promoting Researcher Exchange;
- Establishment of the APEC Virtual Centre for Environmental Technology Exchange;
- Establishment of APEC Centre for Technology Foresight;
- Establishment of APEC Coordinating Centre for Good Clinical Practice;
- A study on available industrial science and technology indicators;
- A survey of relevant laws and regulations of APEC members governing trade and investment-related technology.
- APEC Symposium concerning public understanding of S&T;
- Training for Practical Technology of Laser;
- Asia-Pacific Workshop on Seismic Design and Retrofit of Structure; and

The ISTWG has created the ‘APEC Science and Technology Web’ (AST Web) to help expedite information flow among member economies. The AST Web’s address is at [http://www.apecst.org](http://www.apecst.org).

Next Steps

Several ISTWG projects are ongoing and will deliver outcomes in 1999. The continuing projects include those related to Networking of APEC R&D Leaders and Researchers; Cleaner Production Strategy/Clear Technology Strategy; APEC-wide Studies of Megacities and Technology and Learning in 2010; Gender and Science and Technology, emergency preparedness, and health issues.

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**APEC Secretariat**
Marine Resource Conservation

Recognizing that marine resources are crucial to the economic and social well-being of the people in the region, APEC established the Marine Resource Conservation Working Group (MRC) in 1990. The MRC working group is committed to protecting this collective resource, and to making dramatic progress toward a sustainable marine environment to ensure continuing socio-economic and environmental benefits. Chinese Taipei is currently serving as the lead shepherd of the group for a two-year term until June 2000, and other shepherds of the group are Canada, China, Indonesia, and Thailand. As called for by BMC, Australia, Canada, Chile and Thailand formed a MRC project evaluation team to strengthen management of MRC projects. The last Working Group meeting (MRC12) was held in May 1999 in Australia and the 13th Working Group meeting (MRC13) will be hosted by Peru in 2000.

Business and Private Sector Participation

To encourage the participation by business and private sector and to build a long-term partnership relationship, a set of guidelines of Involvement of the Business/Private Sector in MRC WG Activities was discussed and endorsed at the MRC12 in May 1999. The APEC Action Plan for Sustainability of the Marine Environment, which was endorsed by the APEC Environment Ministers in June 1997, relies on significant participation from business and the private sector in meeting its objectives. A conference, “Sustainability of Marine Environment: What Can the Private Sector Do?” is scheduled to be held from 1-3 September 1999 in Chinese Taipei to identify the areas of mutual interest and opportunities for further cooperation.

Achievements

In 1999, the MRC Working Group accomplished the Ministers’ directives of Environmentally Sustainable Growth, Developing Human Resources and Harnessing Technologies for the Future in the following activities:

- APEC Training Course on the Satellite Remote Sensing of Algal Blooms in the Sea, held from April 7 to 9 in Hong Kong, China.
- The Third OMISAR Ocean Information System Steering Committee Meeting, in conjunction with Oceanology International ‘99 – Pacific Rim, held from April 27 to 30 in Singapore.
- The APEC/IOC Conference on Harmful Algae Management and Mitigation held from 10 to 14 May 1999 in Subic Bay, Philippines.
- The Marine Resource Conservation Working Group and the Fisheries Working Group held a joint session on May 16, 1999 in Cairns, Australia.
• The 12th MRC Working Group meeting (MRC12), held from May 16 to 19, 1999 in Cairns, Australia.

Next Steps
Into the 21st century, the MRC WG will adopt more strategic approaches to conserve marine resources and safeguard the marine environment to support the sustainability of economic growth and social welfare in the APEC region.

• To strengthen the economic and technical cooperation, to facilitate expertise and information exchange, to develop human capital, as well as to encourage business and private sectors involvement, the WG plans to implement projects and to undertake activities in the coming year. They include:

1. Management of Red Tides and Harmful Algal Blooms (Year 5).
2. Ocean Models and Information System for the APEC Region (Year 4).
3. Ocean Research Network for the Pacific (ORNEP) (Year 3).
6. Establishment of the APEC Marine Environmental Training Center.

• To explore closer coordination and cooperation with other APEC fora to implement the Action Plan for Sustainability of the Marine Environment to support APEC Economic Leaders’ priorities with respect to the marine environment, including promoting environmentally sustainable growth, harnessing technologies for the future, and developing human capital, the MRC WG will take initiatives on:

1. Developing collaborative action identified in the Declaration of the APEC Oceans Conference and its recommendations within four general areas: Balancing Coastal Development and Resource Protection, Ensuring Sustainable Fisheries and Aquaculture, Understanding and Observing the Oceans and Seas, and Economic and Technical Cooperation related to oceans management.
2. Promoting coordinated development of APEC’s marine-related networks (OMISAR, ORNEP, the Sustainable Development Training and Information Network, and the EduNet Integrated Coastal Management network) to facilitate the exchange of information to support decision-makers, and the implementation of joint research and monitoring programs to sustain and conserve marine resources.
3. Holding a Partnership Market Meeting to bring together potential assistance recipients, donors (multilateral and domestic), the private sector and others, to facilitate partnerships in implementation of domestic plans of action for land-based sources of pollution.
4. Establishing a small task group to work by correspondence on developing a strategic approach that the MRC and Fisheries Working Groups can take in establishing a joint work program for those areas of common interest.
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Telecommunications

The APEC Telecommunications Working Group (TEL) was formed in 1990. Under its first Chair, the United States, TEL was charged to address human resource development; technology transfer and regional cooperation; opportunities for on-site visits, observerships and fellowships; and telecommunications standardization.

TEL activities are consistent with specific goals set out by APEC economic leaders in the 1994 Bogor Declaration. The work of the TEL is accomplished by four steering groups, which propose, implement and monitor projects and activities to advance the overall goals of APEC. Each steering group addresses a specific priority area: liberalisation; business facilitation; development cooperation; and human resource development.

APEC Ministers responsible for the Telecommunications and Information Industry have met three times to review the work of the TEL, and to provide direction for the development of the Asia-Pacific Information Infrastructure (APII). At their first meeting in Seoul, Korea, in 1995, Ministers agreed on the objectives and 10 core principles for the APII which are contained in the Seoul Declaration. At the Second Ministerial Meeting, held in Queensland, Australia, in 1996, Ministers made the Gold Coast Declaration which contained a Program for Action for the Telecommunications and Information sector in APEC economies. The Program for Action focuses on continuing liberalisation efforts, including endorsement of a Reference List of a Fully Liberalised Telecommunications Sector. The Gold Coast and the Seoul Declarations are available on the Internet at http://www.dca.gov.au/apec/mtgdocs.html.

At the 3rd Ministerial Meeting, the Singapore Declaration was issued. A highlight of the meeting was the Ministerial endorsement of the Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment, marking the first success of APEC’s Early Voluntary Sectoral Liberalisation initiative. Ministers also approved a Reference Framework for
Action on Electronic Commerce and a set of principles for use by economies wishing to provide universal access to telecommunications services. The Singapore Declaration is available on the Internet at http://www.apii.or.kr/telwg/18tel/plenary/plen-e-01.html.

Business and Private Sector Participation

The business and private sector from many APEC member economies are actively involved in TEL activities, including all four TEL Steering Groups. Many projects are both initiated and driven solely by the private sector or in co-operation with the public sector. For example, the drive to complete a Mutual Recognition Arrangement (MRA) for telecommunications equipment has attracted significant business participation and support.

Since TEL 13 (March 1996), each meeting of the Working Group has included a Business-Government Dialogue, organized jointly with the Pacific Economic Cooperation Council (PECC), which provides an opportunity for the two sectors to engage in informal discussion on topics of mutual interest. At the Third Ministerial Meeting, a Government-Industry Dialogue was held, allowing the Government and the business/private sectors to hold frank discussions on issues affecting the telecommunication and information industry.

Leaders and Ministers stated at the Vancouver APEC meeting that electronic commerce is one of the most important technological breakthroughs of this decade. A joint TEL-PECC seminar on this issue was held in conjunction with the 17th TEL meeting in Brunei in March 1998. The Reference Framework for Action on Electronic Commerce adopted by Ministers in June 1998, committed the TEL WG to collaborating with the APEC Electronic Commerce Task Force, and to a focused program of work. At the 18th TEL meeting in Papua New Guinea in September 1998, a workshop on Public Key Authentication was held, once again with active business participation. A major APEC-wide study into the take-up of e-commerce by SMEs will be completed in 1999.

Business and private sector participation in TEL meetings and activities are strongly encouraged and welcomed. Individuals wishing to take part should approach the APEC TEL Point of Contact in their particular economy or the Chair’s Office to discuss arrangements (see page 58 for a list of APEC offices in member economies).

Achievements

The TEL completed more than 14 projects in 1998 alone, including:

- Endorsement of the world’s first multilateral Mutual Recognition Arrangement for Telecommunications Equipment.
- Establishment of a TEL website at the APII Cooperation Centre in Korea (http://www.apii.or.kr/telwg/).
- Completion of a major study of the Impact of the APII.
- Cross-cutting work on alternatives in the provision of Universal Service, including a seminar.
- Successful completion of two distance-learning pilot projects contributing to the APEC Distance Learning Network.
- Development of Telecommunications Skill Standards for Cabling and Connection.
- Significant work on Key Elements Necessary for Promoting Business/Private Sector Participation in Telecommunications Infrastructure Development.
- A report on legal and regulatory barriers to electronic commerce.
In March 1999, TEL finalised the APEC Framework for Telecommunications Interconnection. The Framework is a resource for use by businesses and policy-makers and aims to support secure and competitive supplies of services to users in an environment of certainty which gives investors confidence in the ongoing development of existing networks as well as the development of new networks.

**Next Steps**

During 1999, the TEL will review and implement an ambitious work program to achieve goals set by APEC Leaders and its own Ministers. Following its 19th meeting held in Miyazaki, Japan in March 1999, the TEL had over 40 active projects and activities, several of which will be completed in 1999. Highlights include:

- Training to facilitate timely implementation of the Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment.
- Several projects to advance electronic commerce to benefit the business and private sector, and especially SMEs. (Surveys and data gathering, awareness seminars, policy advice, interoperability tests, work on electronic authentication, etc.)
- Training to promote the development of multimedia and World Wide Web skills.
- Completion of the Interactive Medical Curriculum Project.
- Educational seminar of the applications of Global Positioning System (GPS) technologies.
- A workshop to discuss the results of the survey that will collect status information and different ways of implementing the WTO Agreement on Basic Telecommunications among APEC economies.
- An electronic authentication workshop to examine the different experiences of APEC economies in electronic authentication.

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Tourism

The Tourism Working Group (TWG) was formed in 1991 based on the recognition that the tourism industry is of growing importance in promoting economic growth and social development in the Asia-Pacific region. The TWG brings together tourism administrators to share information, exchange views and develop areas of cooperation on trade and policies. New Zealand is the Chair of the TWG until September 1999. As of 1 October 1999, the Chair of the TWG will be Brunei Darussalam.

Business and Private Sector Participation

Participation by the business and private sector has been channelled through the involvement of representative travel organizations such as the Pacific Asia Travel Association (PATA), the World Travel and Tourism Council (WTTC), and the World Tourism Organization (WTO). The TWG plans to expand participation of the business and private sector by enlarging the number of representatives invited to attend as Observers to TWG meetings.

Achievements

The TWG has made significant strides in further defining its agenda and identifying priority issues during 1999. It has compiled a comprehensive inventory of barriers to travel in the APEC region and agreed to a series of collective actions to address impediments to tourism growth. Its work program includes activities in the areas of Trade and Investment Liberalization and Facilitation, and Economic and Technical Cooperation.

One major outcome has been the publication of *The Economic Impact of Travel and Tourism Development in the APEC Region*. This report was the product of a jointly funded project between the APEC Tourism Working Group and the World Travel and Tourism Council (WTTC) to examine the economic impact and potential of travel and tourism in the APEC region. The report provides the first comprehensive analysis of the economic impact of travel and tourism in the APEC region together with projections to the year 2010. In doing so it highlights the enormous importance of the sector to the region’s economy and the exciting potential for continuing economic and employment growth which this industry offers. Also, this report represents a significant example of cooperation between APEC and the private sector as represented through the WTTC. An update, with revised figures and statistics will be produced, incorporating the data that is available after the Asian crisis.

During its two Meetings held in 1999 (Manzanillo, Mexico and Lima, Peru), the TWG has been active in the development of an APEC Tourism Charter. In principle, the APEC Tourism Charter, which will be adopted by APEC Tourism Ministers in June 2000, is to include measures that will contribute to the minimization of the regulatory impediments to tourism; promote environmentally and socially sustainable tourism; reduce congestion and improve passenger processing facilitation; identify emerging issues in tourism; improve the understanding of tourism and enhance visitor services and tourism infrastructure.

A tourism task force, comprised by Brunei Darussalam, Korea, Mexico, New Zealand and Singapore, with inputs from observers such as PATA and WTTC, identified during their first
meeting held in August 1999 at the APEC Secretariat, four main APEC Tourism Charter goals. These are (1) Sustainable management of tourism impacts and outcomes – environmental, economic, social and cultural; (2) increase mobility of visitors and demand for tourism goods and services in the APEC Region; (3) remove impediments to tourism business and investment and (4) enhance recognition and understanding of tourism as a vehicle for social and economic development – harmonization and sharing of tourism information, expand the knowledge base.

Next Steps
The TWG’s work program will focus on:

- The development of an APEC Tourism Charter for its adoption by APEC Tourism Ministers.
- The exchange of views and business inputs to the APEC Tourism Charter at the APEC Tourism Forum in conjunction with the 16th TWG Meeting and PATA’s 50th Anniversary Meeting, all to be held in Hong Kong, China in April 2000.
- An APEC Tourism Ministerial Meeting to be hosted by Korea in June 2000.
- Facilitation of tourism movements and removal of travel barriers, including the identification of all impediments to travel movements, identification and selection of manageable impediments for possible elimination or facilitation, and promotion of the economic importance of tourism in APEC economies.
- Promotion of tourism as a means to achieve sustainable economic development focusing on best business practices.
- Human resources development in the tourism industry through standardization of skills, identification of training needs over a projected period, and promotion of best business practices.
- Exchange of tourism information which focuses on: enhancing cooperation between the public sector and the business/private sector, establishment of effective means to exchange relevant information, support to cooperative programs, and access to communication networks.
- Promote further dialogue and information sharing exercises with other APEC fora, such as the Group on Services.

The 15th TWG Meeting was held in Lima, Peru on 1-3 September 1999.

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APEC Secretariat
Mr Mario Artaza
Trade Promotion

The Working Group on Trade Promotion (WGTP) first met in Seoul in June 1990. Its objective is to contribute to sustained economic development and improved standard of living of the people of the Asia-Pacific region, by promoting the dynamism of intra-regional trade through a range of activities. The WGTP’s work centers on trade promotion activities, trade financing, trade skills and training, trade information and networking business cooperation between the private sector and public agencies including trade promotion organizations.

The WGTP has noticed the rapid development of e-commerce and increasing importance of logistic management in contemporary trade. These issues were discussed at its 11th WGTP Meeting held in Canberra on 9-11 March. At the 1st WGTP Steering Group Meeting held on 8 August 1999 in Rotorua, New Zealand, members discussed how to develop e-commerce projects, promotion of technology trade and the implementation of a concrete project on logistic management.

Business and Private Sector Participation

The business/private sector participates in trade promotion activities such as “APEC International Trade Fairs”, building up homepages on APECNet and other trade-promotion-related training programs.

The First and Second Trade Fairs were held in Osaka, Japan on 24-27 October 1994, and Yantai, People’s Republic of China on 6-10 June 1997, respectively. The Third APEC International Trade Fair was held in Kuala Lumpur, Malaysia on 13-16 November 1998. The fairs provide new business opportunities and generate sales for the products and services of the business/private sector as well as networking opportunities among themselves and government officials of member economies. The 4th APEC International Trade Fair will be held in Indonesia in October 2000.

The WGTP’s encouragement of business groups to establish a network among themselves helped launch the APECNet, which contains information on the WGTP and its activities, and allow the business community to search for business opportunities (including business matching services) in member economies, by posting inquiries and accessing member economies’ homepages.

In WGTP trade-promotion-related training programs, there is always great private/business participation.

Achievements

Major achievements by 1999 included:
The 3rd APEC International Trade Fair, which was held in Kuala Lumpur, Malaysia
The Case Study on Trade Promotion and Poverty Alleviation (the Case of Yunan, People’s Republic of China)
Exchange of Trade Promotion Experts on Development of Local Industries and Trade and Investment
The launch of the APECNet (Singapore) and Trade Information Centre (Japan) which contained business matching services and posting inquiries
An International Trade Promotion Skills Training Program, which was held in Chinese Taipei
The Core Characteristic Survey on TPOs

Next Steps
The WGTP continues to develop, support and facilitate intra-regional trade in goods and services by actively encouraging the participation of the business/private sector and trade promotion organization in the Working Group’s Activities, as well as improving trade promotion activities through the sharing of information and knowledge on trade development activities and techniques.

For 1999, the WGTP will complete and update the “Core Characteristic Survey of APEC Trade Promotion Organizations” and organize “The 4th APEC International Trade Fair 2000”, “Training for Building Skills on Market Strategy” and “Business Consultation Forum during the Fourth APEC Trade Fair”.

Trade Promotion - Key Contacts

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Transportation

The Transportation Working Group (TPT-WG) fosters economic development in the Asia-Pacific region through recommendations to increase the efficiency, sustainability and safety of the regional transportation system. The vast distances that characterize the Asia-Pacific region and the dynamic growth of its economies highlight the importance of an efficient transportation system to guarantee further development. The TPT-WG’s areas of focus are: (1) More competitive transportation industry (including infrastructure); (2) safe and environment-friendly transportation systems (including new technologies); and (3) human resources development.

Business and Private Sector Participation

Economies regularly include business representatives as part of their delegations. TPT-WG meetings generally include one-day seminars on transportation topics, to which business representatives are invited. The 1999 seminar on electronic commerce attracted considerable private sector participation. In 1998, the TPT-WG extended invitations to attend sub-fora meetings to three motor vehicle organizations—the International Motorcycle Manufacturers Association (IMMA), International Organization of Motor Vehicle Manufacturers (OICA), and the Federation International de l’Automobile (FIA)–as well as to the Pacific Region Airports Council International. Individual economies consult regularly with their private sectors and the TPT-WG has recently agreed to identify a point of contact within ABAC and PECC and seek the views of these bodies on the relevance of the TPT-WG Action Program.

Achievements

Highlights of the TPT-WG’s achievements in 1999 include:

- Provision by economies, on a voluntary basis, of progress reports on the implementation of the recommendations made by the Air Services Group to the TPT-WG;

- A program to deliver training for seafarers consistent with the revised provisions of the International Maritime Organization’s Convention on Standards for Training, Certification and Watchkeeping (STCW);

- An interactive web-based Port Data Base to which all the Economies are encouraged to contribute data;

- A Mission Statement as a first step in promoting an efficient, safe and competitive operating environment for maritime transport in the region;

- An Electronic Commerce seminar held in conjunction with the 15th TPT-WG meeting in Santiago, Chile that had speakers from the business and government sectors. The seminar had the triple objectives of enlivening interest among TPT-WG delegates in the APEC electronic commerce program, encouraging greater business sector participation in APEC electronic commerce activities and developing cooperative links with other APEC fora engaged in electronic commerce work. It attracted significant interest from Latin America business. The seminar was successful in attracting three additional economy participants for the Phase 1 electronic commerce project aimed at assisting business in the uptake of electronic commerce systems thus resulting in a full complement of eight economies as envisaged in the project proposal.

- TPT-WG representatives participated in the APEC Electronic Commerce Steering Group to ensure that Group takes a major role in the delivery of the paperless trading initiative. The
paperless trading initiative is an extension of earlier work in the TPT-WG on the removal of paper document requirements in the transport and related trading sectors.

- The Virtual Centre for Transportation Research web site;
- A compendium of success stories on the increased participation of women in the transportation sector;
- The presentation of a Forum on Intermodalism and Satellite-Based Technologies; and
- The completion of Phase 5, Part 1 of the Road Transport Harmonization Project (RTHP), in keeping with the TPT-WG’s mandate to encourage the harmonization of standards. Since its inception in 1994, the RTHP has led to many concrete actions with respect to the harmonization of standards. Many economies have decided to adopt United Nations Economic Commission for Europe (ECE) regulations regarding automotive product. In 1998 the United States signed the UN/ECE 1998 Agreement on Global Technical Regulations and Japan signed the UN/ECE 1958 Agreement (concerning the adoption of Uniform Conditions of Approval for Motor Vehicle Equipment and Parts). Other APEC economies have advised of their intentions to sign one or both of these agreements. APEC economies are demonstrating their commitment to voluntarily implementing, in the short term, arrangements which will help meet Bogor Declaration objectives. Funding for Phase V, Part 2 of the RTHP was recently approved by BMC.

Next Steps

- Selection and hiring of a consultant to ascertain the existing standards of training facilities, instructors, examiners and curriculum for seafarers throughout the APEC region’s existing maritime training institutions, and training equipment in each member economy in order to improve the quality of seafarers in the region.
- Completing a review of alternative methods to encourage the use of safer shipping in the region.
- Developing examples and case studies of the benefits of regulatory and other institutional changes directed to trade liberalisation and facilitation to demonstrate how this can be achieved and the benefits which will flow from trade liberalisation and facilitation.

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Policy Level Group on Small and Medium Enterprises

The Ad Hoc Policy Level Group on SMEs (PLGSME) was established in February 1995 following a recommendation of the first SME Ministers Meeting held in Osaka in October 1994. Its original mandate was for two years. However, it has been extended twice: the first time, in 1996 and the second, just recently, in August 1998, thereby extending its mandate up to the year 2001. The PLG SME last met in Christchurch, New Zealand, on 26 April 1999. It discussed, among other things, the on going PLG projects, the self-review of the group, and the implementation of the Five-Year Action Plan for SMEs (SPAN). It approved five new project proposals for implementation in 2000, such as business matching, management capacity building, consumer education and protection, as well as a workshop on electronic commerce and on financing and business management. It likewise discussed preparations for the 6th SME Ministerial Meeting.

The 4th SME Ministers Meeting in Ottawa, September 1997 had committed their economies to create business environments that will address the special needs of SMEs. The Ministers endorsed the Framework for APEC SME Activities developed by PLGSME for consideration by all APEC fora in designing and implementing SME-related activities. Building on the 1997 Framework, the 5th SME Ministers Meeting in Kuala Lumpur, 7-8 September 1998, endorsed an Integrated Plan of Action for SME Development (SPAN) which serves as a set of broad guidelines for SME development as well as plan for future action at the individual economy level and collaborative efforts at the APEC level.

The 6th SME Ministerial Meeting was held in Christchurch on 27-28 April 1999. The Ministerial Meeting was held parallel to the Business Forum. The two meetings discussed four key policy issues, namely: Education, Capital Markets, Trade Barriers/Compliance Costs and Responding to the Regional Financial Crisis, while the Business Forum also discussed the theme of Enhancing the Business Linkages.
Business and Private Sector Participation

There is a growing private/business sector participation in APEC SME activities. Majority of SME-related activities have the involvement of the private/business sector either as participants/speakers in trainings/workshops or respondents in surveys. In conjunction with the 4th and 5th SME Ministerial Meeting, a number of private/sector activities were organized. These were an SME Business Forum, the Women Leaders’ Network meeting, the Young Entrepreneurs Organization meeting, and the meeting of Export Credit Agencies and Export Financing Institutions from APEC member economies. In the recent 6th SME Ministerial Meeting in Christchurch, around 300 business leaders participated in the Business Forum in which, as mentioned before, held a joint session with the Ministers. The inputs from the business formed a critical part of the deliberations of the Ministers in their joint statement.

Achievements

Accomplishments during 1998 included:

- Development and endorsement by SME Ministers of the Integrated Action Plan for SMEs Development which could be used by the individual economies to design their action plan to develop their SMEs.
- Publication of an updated edition of the compendium *Helping Your Business Grow: Guide for SMEs in the APEC Region* which is available on the APEC website.
- Publication of *APEC SME Indicators: A Feasibility Assessment*, which consists of action plans and recommendations on the SMEs development in the APEC region.
- Publication of *Best Practice Manual* relating to eco-efficiency in the small and medium enterprises.
- Completion of a study on the operating environment in China for SMEs from APEC economies.
- Completion of Phases I and II of the Training and Certification Program for Small Business Counsellors.
- Completion of the project “APEC Technoforum” on improving communications between SMEs and APEC.

Next Steps

The PLG SME will continue to remain as a policy level group but will focus more on policy-related issues and long-term strategic plans and activities. In this regard, it will collaborate with the works of other APEC fora to ensure that the perspectives of the SPAN are developed in a coordinated and efficient manner. It will also work closely with other APEC fora in the area of addressing the impact of financial instability on SMES and in electronic commerce. It will further encourage private/business sector participation in its work.

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Agricultural Technical Cooperation Experts Group

In recognition of the importance of work on agricultural technical cooperation, the Agricultural Technical Cooperation Experts Group (ATCEG) was established in November 1996 as a formal APEC body with a continuing role. Prior to that decision, two meetings of experts had been held. The meetings (in Chinese Taipei, 1995; and Australia, 1996) agreed on a work program of joint activities to enhance agriculture’s contribution to the region’s economic growth and social well-being and developed a framework for undertaking those cooperative activities.

In accordance with the directions from New Zealand SOM I in 1999, the ATCEG has expanded the scope of its priority areas incorporating part of FEEEP joint actions: (a) food and agricultural related research and development (b) trade and other matters (c) food and agricultural related environmental issues. Accordingly, the ATCEG’s seven sub-groups have been renamed to reflect these developments at the 3rd ATCEG meeting held in June 1999 in Japan: Conservation and Utilization of Plant and Animal Genetic Resources; Research, Development and Extension of Agricultural Biotechnology; Production, Processing, Marketing, Distribution and Consumption of Agricultural Products; Plant and Animal Quarantine and Pest Management; Agricultural Finance System; Sustainable Agriculture and Related Environmental Issues.

Business and Private Sector Participation

Representatives of the business and private sector participate as members of their economy’s delegation and are invited to collaborate in the cooperative activities undertaken by the ATC. An ABAC representative gave an informal briefing on the proposed APEC Food System to July 1998 meeting in Portland. In the seminars on Agricultural Finance System held in 1997 and 1998 as well as the 3rd Biotechnology Workshop held in 1998, private sector representatives were invited and made significant contributions to the works.

The ATCEG has been working closely with PECC, particularly in the area of production, marketing, processing and distribution of agricultural products. In cooperation with PECC, the
A contract list of agricultural experts has been prepared and recently updated and the Trade Facilitation Manual, which describes the outline of each economy’s regulations on standards and conformance, has been prepared.

Achievements

Highlights of the ATCEG’s accomplishments during 1998 and 1999 include:

- The 3rd Workshops on Agricultural Biotechnology Kuala Lumpur, Malaysia, October 1998.
- The 2nd Workshop on Conservation and Utilization of Farm Animal and Aquatic Genetic Resources (Chinese Taipei, November 1998).
- The 2nd Workshop on Phytosanitary Risk Analysis (Cairns, Australia, June 1999)
- The 1st Workshop on Sustainable Agriculture (Davao, Philippines, June 1999)
- Workshop on Sustainable Agriculture (Davao, Philippines).
- Support for updating PECC’s Trade Facilitation Manual (see http://www.pecc.org under Food and Agricultural Forum).

Next Steps

ATCEG will continue to encourage the private sector’s participation according to the Consolidated Guidelines on Non-Member Participation provided by SOM earlier this year. The ATCEG’s areas of focus for the future include the establishment of new networks and databases and the organization of workshops in the priority areas set by its work program. For example, the ATCEG will establish an agricultural credit information network; a database to enable researchers and breeders to access information on plant and animal genetic resources; and a database for information concerning institutions in the region involved in agricultural technology transfer, training facilities, and courses. The ATCEG plans to organize the first workshop on agricultural technology transfer and training in later part of this year in Indonesia. For the year 2000, the Expert Group will hold a workshop on DNA purification, a workshop on alternative quarantine and post-harvest treatments in Hawaii, USA and a risk assessment workshop on animal health in Australia. The ATCEG will also hold a training course on agricultural finance in Japan in 2000. A workshop on genetic information management systems including possible impacts and resolutions of Y2K problem is scheduled for the year 2001.

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APEC Study Centres Consortium

The APEC Study Centers (ASC) were established as part of the APEC Leaders’ Education Initiative in 1993. Currently, there are ASCs in 18 member economies, comprising of some 100 of the best universities, research centres & centres of academic excellence across the APEC region. A full contact list is available from the APEC Secretariat website. APEC member economies participate in the Annual ASC Consortium meetings (usually held in the economy chairing APEC in that particular year) and other bilateral or multilateral research activities in accordance with their areas of interests. The mission of the ASC Consortium is to:

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

Business and Private Sector Participation

The ASCs represent important academic communities in respective APEC economies and as such the consortium is almost entirely composed of scholars. The business sector is not directly involved in the activities of the ASC Consortium.

Achievements

The Seventh ASC Annual Consortium meeting was held in Auckland, New Zealand in June 1999 with the theme, Towards APEC’s Second Decade: Challenges, Opportunities & Priorities. Over 60 papers were presented on a wide range of APEC related issues, offering assessments of APEC’s performance & future direction of its development, while many dealt with specific policy & analytical issues relating to APEC’s program & experiences during the Asian financial crisis.
The papers presented will be made available at the New Zealand ASC website at [http://www.auckland.ac.nz](http://www.auckland.ac.nz).

One of the new activities of ASC during this meeting is the Asia Pacific International Assessment Network (APIAN) which will conduct regular independent assessments of key APEC activities in both the TILF & ECOTECH areas. The assessment will be carried out by experts teams established primarily from within the consortium to work on each APEC activity. Plans are in place to produce APIAN’s first set of assessments in time for the APEC Leaders Meeting in Brunei Darussalam in November 2000.

In response to SOM’s tasking, the ASC is proceeding with the formation of a Network of independent research institutions to undertake research & analysis of food, energy & environmental issues.

**Next Steps**

- Plans are proceeding for publications of 2 books incorporating proceedings of the conference.
- The Consortium is to continue to provide a forum for the reporting and peer review of ongoing research among the consortium members on a wide range of APEC issues.
- The present status of the ASC provides the most realistic basis for fulfillment by the ASC of their function of providing an independent source of ideas, research & analysis on APEC-related issues.
- First APIAN Network report will be produced in time of the APEC Leaders Meeting in November 2000.
- Brunei Darussalam will host the ASC Consortium meeting in 2000

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II. APEC ISSUES

Sustainable Development

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

Ministers of the Environment met in Canada in March 1994 and adopted an Environmental Vision Statement and a Framework of Principles for integrating economic and environment issues. The APEC Economic Leaders’ Declaration for Action issued during the Leaders’ Meeting in Osaka in November 1995 reaffirmed the integration of environment and sustainable development into APEC activities. The APEC Economic Leaders’ Declaration in Vancouver in November 1997 stated that “Achieving sustainable development at the heart of APEC’s mandate”, and reiterated their commitment at their 1998 Meeting in Kuala Lumpur: “...to advance sustainable development across the entire spectrum of our workplan ....”.

Business and Private Sector Participation

At the Environment Ministers Meeting for Sustainable Development in Toronto, Canada (June 1997), an APEC Business and Municipal Leaders’ Forum on Sustainable Cities was held. The meeting attracted participants from all APEC economies and provided an opportunity for APEC business and municipal leaders to give input into the deliberations of the Environment Ministers’ meeting. The three-day forum on Sustainable Cities incorporated eight workshops: air pollution, water and wastewater management, waste management, cleaner production, public-private partnerships, privatization of environmental services, policy and regulatory reform, and financing strategies.

Achievements

The APEC Ministers in 1996 decided that the APEC Senior Officials are to prepare a review on activities of sustainable development in APEC annually, to monitor the development and implementation of sustainable development initiatives as well as to coordinate and provide guidance to APEC fora. There have been three annual reviews, the 1997 Review, the 1998 Review and the most recent one is the 1999 review. Through the reviews, it was found that the volume, scope and significance of the APEC activities in sustainable development being undertaken are considerable, indicating that the issue is being carried out fairly broadly across APEC. Almost all the APEC fora have demonstrated responsiveness to sustainable development concern, and in several cases, fora were working together to jointly implement sustainable development activities.
**Next Steps**

The Senior Officials will review the APEC activities in sustainable development regularly in consultation with Chairs and Lead Shepherds of other APEC fora as well as the APEC Senior Economic and Environment officials.

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**Gender Issues**

In 1997, APEC Economic Leaders made the commitment to integrate women into the mainstream of APEC activities. As part of this program, the first APEC Ministerial Meeting on Women was held in Manila, 15-16 October 1998.

The main theme of the Ministerial Meeting was “Women in Economic Development and Cooperation in APEC” with the sub-themes: “Women in Small and Medium Enterprises”, “Women and Industrial and Science and Technology” and “Women and Human Resources Development”. At the same time, it:

- Assessed the progress to-date in integrating women and economic development into the mainstream of APEC processes and activities;
- Made recommendations to Leaders and sought consensus on the development of a plan of action; and
- Took cognizance of the opportunities and challenges, and shared experiences and best practices in integrating the economic role of women in APEC towards the promotion of equal economic opportunities.
In November 1998, based on the Ministerial Meeting on Women’s recommendations, Leaders instructed Ministers to develop a framework for the Integration of Women in APEC. The Framework which has been developed by an *Ad Hoc* Task Force, aims at strengthening the capacity of APEC as an institution to integrate gender perspectives, and to develop gender-sensitive programs and projects, as well as develop measures to eliminate the barriers to women’s full contribution to the economy.

The Senior Officials Meeting in Rotorua in August 1999 has approved the Framework and agreed to submit it to the APEC Ministers and Leaders for their endorsement.

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APEC Response to the Financial Crisis

APEC members have taken collective action at various levels to alleviate the impact of the Asian financial turmoil and help prevent any recurrence. At their November 1998 meeting in Kuala Lumpur, Economic Leaders resolved to work together to support an early and sustained recovery in the region and agreed to pursue a cooperative growth strategy including the following elements:

- Growth-oriented prudent macroeconomic policies appropriate to the specific requirements of each economy;
- Expanded financial assistance from the international community to generate employment and to build and strengthen social safety nets to protect the poor and vulnerable;
- A comprehensive program of support for efforts to strengthen financial systems, restore trade finance, and accelerate corporate sector restructuring;
- New approaches to catalyze the return of stable and sustainable private capital flows into the region;
- A renewed commitment to the Bogor goals of achieving free and open trade and investment within APEC; and
- Urgent work within APEC and with other economies and institutions to develop and implement long-term measures to strengthen the international financial system.

Leaders also welcomed the work undertaken in several fora to strengthen the international financial system and supported continuing it in a process involving both industrialized and emerging market economies. They instructed APEC Finance Ministers to develop measures to implement proposals to improve transparency and accountability, to strengthen national financial systems and market infrastructure, and to improve coordination and involvement of the private sector in the prevention and orderly resolution of international financial crises. This led to the development of a dialogue with the APEC Business Advisory Council, which presented a number of new recommendations for restoring regional stability and growth. Leaders welcomed the ABAC proposals and instructed Ministers to study them.

The APEC Finance Ministers process has responded to the crisis by accelerating its work on collaborative initiatives to promote development of regional financial and capital markets and to support freer and stable capital flows in Asia-Pacific.

At their 15-16 May meeting in Langkawi, Malaysia, Finance Ministers welcomed the progress the cooperative growth strategy has yielded in stabilizing financial markets and improving the economic outlook but stressed that continued financial and corporate restructuring was needed in the crisis-affected economies. Finance Ministers also:

- Stressed that sound financial systems, corporate governance and improved accounting, transparency and disclosure standards are central to restoring investor confidence and a return of capital flows;
- Expressed concern about the social impact of the crisis and welcomed assistance from the development banks to promote sound design of social safety nets;
- Reaffirmed their commitment to cooperate in APEC and other international fora to strengthen the international financial architecture and called for establishment of an ongoing mechanism
for dialogue among industrial and emerging market economies to build consensus on future economic and financial policy issues; and

- Tasked their Deputies to work with private sector groups such as the APEC Financiers Group, ABAC and PECC to study business recommendations for strengthening financial markets and institutions.

Finance Ministers also reviewed progress on their various collaborative initiatives to strengthen regional financial and capital markets and to support freer and stable capital flows in Asia-Pacific. Work has proceeded on a range of initiatives, as described below.

### Strengthening financial market supervision.

Under the auspices of the Asian Development Bank, action plans will be implemented over two years to improve domestic training of banking supervisors and securities regulators and enhance international cooperation in such training programs.

### Assessing banking supervisory regimes.

A survey was conducted to assess the adequacy of banking supervisory regimes in key APEC economies in order to identify any gaps or shortcomings. Findings showed a high degree of compliance with the Basle Core Principles on banking supervision but also the need for closer contacts among APEC banking supervisors.

### Pension reform.

Given the important role of pension systems in capital market development and social protection, regional forums on pension reform were held in Mexico in February 1998 and in Chile in April 1999. The latter focused on policy issues and the roles of the public and private sectors in pension fund administration. A follow-up seminar on pension fund reform will be held in Thailand in March 2000.

### Improving credit rating agencies and disclosure.

Workshops on credit rating agencies (CRAs) were held in Manila in March 1998 and February 1999 to develop best practices for domestic rating agencies. Discussions on international architecture continue, particularly in the area of strengthening transparency and disclosure standards by market participants. APEC will survey codes of conduct used by CRAs, seek to promote a credit culture, and participate in international initiatives to harmonize accounting and disclosure standards.

### Developing domestic bond markets.

This initiative seeks to develop deep, liquid and mature domestic bond markets. An initial survey of the current state of economies’ bond markets identified various impediments to their development. A workshop in Hong Kong, China in December 1998 recommended preparation of a compendium of sound practices and a website to serve as a resource center and facilitate information exchange. Another workshop in 1999 will follow up on these plans.

### Strengthening corporate governance.

Finance Ministers in Langkawi endorsed the recommendations in the report “Strengthening Corporate Governance in the APEC Region” and urged economies to implement them promptly. The report reviews the state of corporate governance in selected APEC economies and suggests measures governments, judiciaries, regulators, and the private sector could take to raise corporate standards and encourage greater accountability and transparency in corporate structures. It also draws on a symposium Australia hosted in November 1998 which identified priorities for reform.

### Free and stable capital flows.

APEC continues work on designing a Voluntary Action Plan for Supporting the Freer and Stable Capital Flows. Initial efforts in this plan, which promotes capital account liberalization consistent with macroeconomic and financial stability, focus on information gathering and analysis. Two studies have been commissioned to help develop a pragmatic VAP incorporating the lessons of the financial crisis and formulate good practice guidelines for monitoring capital flows, including short-term flows. Finance Ministers will further consider the shape and content of a VAP at their September 2000 meeting.
• **Privatization forum.** Finance Ministers endorsed holding the inaugural meeting of the APEC Privatization Forum in November 1999 in Bangkok. The initiative aims to support privatization efforts through institutional strengthening and investment promotion. Initial topics for discussion include “market reform, liberalization and competition” and “regulatory frameworks and reform.”

**OTHER APEC FORUMS**

• **SME Ministers,** at their April 1999 meeting in Christchurch, New Zealand, cited the profound effect of the regional crisis on smaller firms. They agreed that returning SMEs to growth was vital to economic recovery and that to achieve recovery APEC needs to focus on strengthening regional markets. Along with participants in a Business Forum, the Ministers stressed four ways to promote SME growth:
  - Enhance management performance through education;
  - Reduce barriers to trade and regulatory compliance costs;
  - Improve capital markets and SMEs’ access to them; and
  - Strengthen linkages to assist regional business (e.g. electronic commerce).

• **Energy Ministers** met in October 1998 in Okinawa and stressed the important role of the energy sector in stimulating economic recovery, especially through open and efficient energy markets and development of efficient energy infrastructure. They endorsed a Natural Gas Initiative aimed at accelerating investment in that sub-sector. Ministers also reviewed the impact of the crisis on the future energy supply/demand outlook and instructed the Energy Working Group to hold a business-government workshop to develop recommendations on the sector’s role in improving investor confidence and mobilizing new capital flows.
  - The Energy Investment Workshop was held 19-20 April 1999 in the United States and stressed, *inter alia,* the need for transparency, predictability and non-discrimination in energy policy and regulatory regimes.

• **Women’s Affairs Ministers,** meeting in October 1998 in Manila, highlighted the disproportionate impact of the financial crisis on female businesses and workers and the need to consider women’s economic interests in devising recovery strategies.

• **APEC HRD Ministers** met in Washington, DC in July 1999 and adopted an action plan for the economic crisis incorporating policies and programs on the functioning of labor markets, social safety nets and enhancing productivity through better workplace practices.

• **The Economic Committee (EC)** is preparing the 1999 APEC Economic Outlook. The Outlook examines the magnitude of the impacts of the crisis on the APEC economies using trade-related indicators, tracking recovery from the lowest point. It also reviews the export performance of the APEC member economies against the two largest markets, i.e., the United States and Japan. The 1999 Outlook, including updated economic developments, will also provide timely and relevant information for discussions by the Leaders and Ministers in September 1999.

> The work program for 1999-2000 has a strong analytical component on the crisis, including a two-year research project “APEC Economies beyond the Asian Crisis.” The study will examine vital issues arising from the crisis with long-term effects and:
  - assess the impacts of the crisis on the region’s growth potential, trade and investment, infrastructure development, small and medium-sized enterprises, human resources and other social aspects;
- suggest broad directions of policies to achieve sustainable growth and equitable development, with a view to linkages between APEC agendas and the region’s future developments; and
- outline likely future scenarios for long-term growth.
- A report summarizing preliminary results will be tabled at the Ministers Meeting in New Zealand in September 1999; a symposium will be held in Tokyo in late 1999 to discuss interim outputs; and the final report will be prepared in time for the Ministerial and Leaders Meetings in Brunei in 2000.

The 1999 Infrastructure Workshop is undertaking analytical work on the impact of the crisis on infrastructure demand, supply and government policies. Its main project, on regional integration for sustainable economies, highlights the importance of having the right infrastructure in place to support economic development – a key issue for economies emerging from the crisis.

- Australia has made available to other economies the results of a survey it commissioned on economic governance capacity building needs, programs underway to meet those needs, and gaps that could be filled by APEC economies and international agencies. The initiative, welcomed by APEC Economic Leaders and Ministers, suggests ECOTECH activities to build capacity in economic governance that individual economies could undertake.
- The fourth APEC Investment Symposium in September 1998 in Kuala Lumpur included a session on the impact of the crisis on investment trends and government policy responses, including changes to investment regimes. The discussion addressed changing business perceptions of investing in the region in the wake of the financial turmoil and concluded that economies need to work toward policies that reduce risk and create a conducive environment for investment.
- In response to the credit crunch resulting from the crisis, 15 institutions signed a protocol agreement in November 1997 setting out a framework for technical cooperation among export credit agencies and export financing institutions with respect to private infrastructure projects.
- The Tourism Working Group is conducting a two-part survey to assess the impact of the crisis on regional tourism and will try to identify strategies that might offset negative impacts.
- APEC Study Centers at their 1999 Consortium Conference in Auckland discussed the complex issues entailed in the causes and the remedies of the financial crisis and pointed to the need for greater integration of crisis management into the formal APEC process.
- An APEC Forum on Human Resources Development was held in July 1999 in Japan focusing on the short-term vocational training needs of workers affected by the crisis, as well as longer-term policies on vocational training to cope with globalization.
- To facilitate access to information and analysis on social and economic impacts of the crisis:
  - the United States has created a Virtual Task Force on the Social Impact of the Financial Crisis; and
  - Australia has established the Asia Recovery Information Center (ARIC), a resource housed at the ADB.

APEC is developing, using these institutions, mechanisms to exchange information on social safety net issues for crisis-affected economies, drawing on APEC and other initiatives in this area.
Management Reform

APEC has evolved rapidly since 1989. Leaders have identified ambitious goals. Ministers and officials have developed a comprehensive work program to achieve it and an extensive structure of activities to carry it forward. To ensure that the limited resources of member economies are deployed for the fullest possible cost effectiveness and to produce practical results in line with APEC’s objectives, APEC in 1998 embarked upon a three-year (1998-2000) management reform program. It aims to examine the structures within which APEC business is done by examining the mandates, roles and interrelationships of the various Committees, working groups and other parts of the APEC network.

Achievements

During the 10th APEC Ministerial Meeting held in Kuala Lumpur in November 1998, APEC Ministers endorsed a set of recommendations guiding the review and made the following decisions to demonstrate APEC resolve on the reform process:

- Dissolving the Trade and Investment Data Review Working Group (TIDWG) and Small Group on Information Gathering (the functions of the latter were delegated to the Secretariat);
- Adopting common review guidelines for self-review by APEC fora during 1999;
- Moratorium on the creation of new fora during the three-year review period; and
- Re-designating the Budget and Administrative Committee (BAC) as the Budget and Management Committee (BMC).

As instructed by APEC Ministers, all APEC fora completed self-reviews of mandates in the first half of 1999. In addition, the APEC Secretariat prepared its first Operational Plan, which was approved by APEC Senior Officials in February 1999, and aimed at increasing transparency and accountability, and providing better service to APEC member economies and APEC fora.

Next Steps

The 11th APEC Ministerial Meeting scheduled for September 1999 in Auckland will audit progress and give further instructions as necessary to ensure effective follow-up of APEC’s programs for trade and investment liberalisation and economic and technical cooperation.
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Electronic Commerce

The first Steering Group meeting was held on June 27 and 28 in Auckland was attended by 121 public and private sector participants from 19 economies, the APEC Secretariat, representatives from ABAC, PBEC and PECC. The APEC Electronic Commerce Steering Group’s main objective is to ensure continued cooperation and pursuit of the Blueprint. The Steering Group will continue to conduct discussions by using electronic means to the maximum extent possible
through a secure website for access by authorized members of the Steering Group and another website for the public.

**Business and Private Sector Participation**

A strong correlation exists between the ability of government to establish regulatory frameworks and conduct government business online, and the ability of businesses to provide assurance to their customers and avoid disputes. They need to remain mutually reinforcing for the promise of truly global and widely accessible electronic commerce to be realized in developed and developing economies alike. The first Steering Group meeting in Auckland saw the private sector led discussion on paperless trading initiatives, legal foundations for electronic commerce, readiness indicators for e-commerce, OECD authentication workshop, measurement of electronic commerce initiative to develop a virtual e-commerce resource network, and a proposal for a small business forum on e-commerce and work in other APEC fora.

**Achievements**

In order to ensure a comprehensive APEC coverage and increased momentum of the paperless trading goal, the Steering Group recommended that the SOM to request the following actions for possible implementation by APEC fora:

- CTI, ESC and other related APEC fora to give priority to paperless trading activities in the context of the work program of their respective sub-fora (as appropriate) and to report annually on progress with the Steering Group matrix. The Steering Group also recognizes the need for cooperation between APEC fora and ABAC.
- Economies to include the paperless trading initiative in their Individual Action Plans.
- APEC fora such as TPT-WG, SCCP, TEL and WGTP to include paperless trading in their respective Collective Action Plans, where relevant, and to undertake activities including joint-projects, which would contribute to the substitution of electronic techniques for paper documentation in international and cross-border trade transactions.
- Interested economies to undertake joint demonstration projects, which would contribute to the paperless trading initiative and with participation from the business sector. The Steering Group noted that previous work in TEL provides a model for joint activities between economies and sub-fora, based on a demonstration project of end to end paperless trading, including all commercial and regulatory requirements.
- Economies to share their experiences including success stories in relation to paperless trading with the Steering Group in order for other economies to benefit from the experience.

**Next Steps**

The Steering Group reviewed work on e-commerce in APEC fora and will pursue the implementation of the work program as laid down in the Blueprint. The Steering Group will consider any specific proposal by member in any possible area for future work especially in areas, which are not currently taking place. The Group will continue to use electronic means to maximize efforts in conducting its work.
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Year 2000 (Y2K)

A key outcome of the Y2K Symposium held in Singapore on 22-23 April 1999 was the acceleration of cross-border cooperation by APEC economies to address Y2K issues in such critical areas as financial services, transportation, telecommunications, energy and customs. The APEC Y2K Symposium was a good opportunity for the participants to discuss and review the region’s readiness in five critical sectors, namely finance, telecommunications, transport, customs, and energy and their contingency plans in dealing with both domestic and cross-border problems. Participants reviewed Y2K issues, problems and potential disruptions, reached conclusions and recommendations in each sector, and proposed concrete measures for promoting cooperation and mobilizing action among member economies. They also proposed an acceleration of their work in the areas of testing and contingency planning. The symposium also focused on the unique problems of small and medium-sized enterprises in tackling Y2K, and concluded that more needs to be done to encourage them to take the problem seriously, particularly since SMEs often form a critical link in the supply chains of member economies.
Business and Private Sector Participation

Representatives of key international organizations and the private sector directly involved in addressing the Y2K problem provided expert advice on both the states of Y2K readiness and areas requiring further action by governments and the private sector. It is important to build on the extensive work already underway in international organizations and encourage economies to accelerate their efforts.

Achievements

The Y2K achievements since the symposium are as follows:

- Canada established networks of experts from APEC member economies in key economic sectors to ensure the closest possible cooperation within APEC on Y2K issues in the period leading up to the year 2000. All economies to provide Canada with the network contact points.
- The 3 co-chairs (Canada, Japan and Singapore) are following up with APEC economies on the responses to the Symposium recommendations.
- Canada has launched a Y2K website, which contains relevant materials on the Y2K and is regularly updated.
- Singapore organized a five-day “APEC Y2K Contingency Planning Training Program” for representatives from 9 developing economies from 7-11 June 1999. The curriculum of the training was especially designed for senior government officials with hands-on experience in the area of Y2K. The objective of the training program was for participants to learn the most effective and efficient preparation for contingencies in relation to Y2K compliance. The curriculum dealt with the whole process of risk review, business impact analysis, business continuity planning, disaster recovery and contingency planning. Case studies, workshop and site visits were used to give maximum learning to the participants.
- The US made substantial progress on an initiative to produce risk assessment tool kit.
- Workshops on the Y2K are expected to take place in Bangkok in September, and Korea in October 1999.

Next Steps

A substantive report on the activities of Y2K under way is being prepared to provide a solid and reassuring information to Ministers in September.

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APEC Food System

In November 1998, APEC Economic Leaders renewed their resolve towards creating a prosperous Asia-Pacific community. Part of this resolve included Leaders endorsement of joint actions to be launched in the area of food in relation to economic and population growth in the region and an instruction to implement those joint actions. Leaders instructed APEC Ministers to study the APEC Business Advisory Council’s APEC Food System proposal. Following this instruction, at SOM I in February 1999, APEC senior Officials established an ad-hoc task force to study ABAC’s proposal for an APEC Food System.

Business and Private Sector Participation

The Task Force is established to study the ABAC’s proposals. The Task Force also examines input from and researches conducted by the APEC Study Center.

Achievements

The Task Force met twice, on 2 May and 8-9 August, to discuss the study and report to the SOM II and SOM III on the results of the meetings.

The Task Force’s study is based upon ABAC’s comprehensive and equitable proposals in food sector, which:

- efficiently link together food producers, processors and consumers
- harness the resources of the region to more securely meet consumers’ food needs and
- maximize the contribution of the food sector to the wealth and prosperity of all economies

The report focuses on the three main areas of cooperation identified in the ABAC’s proposals: rural infrastructure development, dissemination of technological advances and promotion of trade in food products.

The Task Force recommendations to SOM include:

(i) SOM recommends to Ministers that they note that achieving the objectives of ABAC APEC Food System proposal is an essential part of achieving sustainable growth, equitable development and national stability in the APEC region and of reaching the specific goals and objectives agreed at Bogor in line with the Osaka Action Agenda;

(ii) The Human Resources Development Working Group places high priority on addressing the issue of rural education, and member economies undertake cooperative measures with non-government, non-profit organisations to improve the availability of rural education;

(iii) The Infrastructure Workshop’s joint initiatives in infrastructure development be actively encouraged by, and the benefits of these initiatives communicated to, member economies;

(iv) The APEC Investment Experts’ Group, in conjunction with the World Bank, Inter-American Development Bank, Asian Development Bank and the Food and the Agriculture Organisation of the United Nations and other bodies as appropriate, investigates new and innovative ways to attract the investment necessary to build facilities and rehabilitate existing rural infrastructure;

(v) The Small and Medium Enterprises Policy Level Group could undertake and intensify work on the three areas of cooperation identified by ABAC’s APEC Food System proposal;

(vi) Relevant APEC fora, including the Committee on Trade and Investment, Economic and Technical Sub-Committee and the ATC EG continue to undertake and intensify their work
on trade facilitation, economic and technical cooperation and capacity building on food-related issues including:
- Provision of clear, predictable and easily understood food regulatory frameworks and standards;
- According priority to those projects that assist with the facilitation and growth of regional trade in food products and improve the technical infrastructure for developing economies;
- Provision of progress reports to SOM on endorsement of existing initiatives, such as the Food Mutual Recognition Arrangement;
- Furthering cooperation in research and development and dissemination of food-related technology;
- Building partnerships between the public and business/private sectors in food technical cooperation to further technology transfer, training facilities and training programmes;
- Fostering environmentally sound agricultural practices; and
- Maintaining an awareness of and contributing to international developments in research and policies related to genetically modified foods, and intensifying science-based approaches to the introduction and use of biotechnology products.

(vii) APEC member economies continue to ensure full and faithful implementation of the commitments on food arising from the Uruguay Round of multilateral trade negotiations;

(viii) APEC member economies, in line with the Osaka Action Agenda and noting ABAC’s call for the elimination of unnecessary impediments to trade in food products ahead of the Bogor goals:
- Provide greater specificity in their Individual Action Plans on how they are going to meet the long-term Bogor goals in the food sector;
- Actively and constructively participate in the forthcoming WTO negotiations on agriculture to consider tariffs and non-tariff measures further in the context of Article 20 of the WTO’s Agreement on Agriculture; and
- In the forthcoming negotiations on agriculture, convey to the WTO membership APEC’s support for the abolition of agriculture export subsidies and unjustifiable export prohibitions and restrictions.

(ix) SOM, through relevant fora, provides annual reports to Ministers on what progress is being made by APEC member economies towards building a robust APEC Food System.

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III. THE SECRETARIAT

The APEC Secretariat, located in Singapore, was established in 1993 to serve as the core support mechanism for the APEC process. It currently comprises 23 officials seconded by member economies for fixed terms and a similar number of locally recruited support staff. The Secretariat’s operational plan comprises six outputs (and four services) based on the following Statement of Business, approved by member economies.

Statement of Business

- The Secretariat is the core support mechanism for the APEC process.
- The Secretariat provides advisory, operational and logistic/technical services to member economies and APEC fora to coordinate and facilitate conduct of the business of the organization.
- On behalf of member economies, it provides preparatory advice on formulation of APEC projects, manages project funding and evaluates projects funded from the APEC Operational and TILF Accounts.
- The Secretariat produces a range of publications, liaises with the media and maintains a website to provide information and public affairs support on APEC’s role and activities, including specific outreach efforts to business. It acts on behalf of APEC members as and when directed.
- The Secretariat maintains a capacity to support research and analysis in collaboration with APEC Study Centres and PECC as required by APEC fora.
- The Executive Director is responsible to APEC Senior Officials through the SOM Chair and manages the Secretariat in line with priorities set by SOM on behalf of Ministers.

Of particular relevance to this publication are Secretariat activities related to Public Affairs and Communications and Database System.
Public Affairs

The APEC Secretariat is responsible for media and public relations for APEC, and for the production and sale of APEC publications. The Secretariat disseminates information to the public about the role of APEC towards achieving its goal of free and open trade and investment in the Asia Pacific region. As part of the Secretariat’s Outreach strategy, the Secretariat provides briefings on the objectives of APEC and its organizational structure to members of the public who visit the APEC Secretariat.

The Secretariat needs to further promote public awareness of APEC’s work and activities because of new challenges:

• The 1997-1998 Asian financial crisis made the public more conscious of and interested in the role of APEC in regional economic cooperation;
• Improvements in information technology made communication easier, resulting in greater interest in the APEC Secretariat’s website and more interaction between the public and the Secretariat;
• SOM’s decision to become more transparent in terms of public access to its reports and meeting documents.

The APEC Secretariat’s website is a window to the world of APEC. The website provides various links to the member economies’ homepages and fora activities. Continuous efforts are made by the APEC Secretariat to keep the website up to date and relevant. The website is at [http://www.apecsec.org.sg](http://www.apecsec.org.sg).

The APEC Secretariat also publishes about 20 books annually. Some of these books are available for download free of charge from the APEC Secretariat’s website. There are also a number of publications for sale at reasonable prices, which could be ordered from the APEC Secretariat’s website or the Secretariat itself. For more information, please feel free to e-mail the Publications Manager at jt@mail.apecsec.org.sg.

Achievements

In 1998, the APEC Secretariat published 35 books and expects to publish a similar number in 1999. This represented a 28 percent increase in the number of books published in 1996. At present, the APEC Secretariat has published a total number of 177 titles.

Other achievements in the Public Affairs area during 1999 include:

• Setting up of a cyber bookstore at [http://www.ecomz.com/apec](http://www.ecomz.com/apec).
• Improvements to the APEC website.
• Continuation of distribution agreements to disseminate APEC publications overseas and via electronic data service providers.
• Assistance to New Zealand as APEC Chair in 1999 in its outreach activities on APEC matters.
• Update of APEC posters for exhibitions.
• Update of the APEC corporate video in February 1999.
• Publication of APEC information materials:
  - [1999 APEC Corporate Brochure](http://www.apecsec.org.sg)
  - [Update of APEC Activities](http://www.apecsec.org.sg) (February and June 1999).
- Developed guidelines on electronic publishing and on the creation and use of “APEC web sites.”
- Initiated negotiations for the publication, marketing and sale, with royalty payments to the Secretariat, of APEC books in CD-ROMs.
- Archiving of APEC reports and meeting documents in CD-ROMs.

**Next Steps**

In 2000, the Secretariat will continue to manage the increasing number of APEC publications. It will continue to pursue APEC publication distribution agreements, develop a comprehensive *Public Affairs Guidebook* and revise royalty payment policies. The Secretariat will also assist Brunei Darussalam as 2000 APEC Chair in its outreach activities. At the same time, it is studying ways to upload the APEC corporate video on the Secretariat’s website.

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**Communications and Database System**

One of the mandates given by the APEC Ministers to the Secretariat is to establish direct and regular communications between the APEC Secretariat and APEC members, Lead Shepherds of Working Groups, and Committees. There is also a need to create an information repository at the APEC Secretariat to facilitate the movement and storage of APEC-related information. This information needs to be accessible to users in each member economy either in hard copy form or in electronic format.

In addition to an information system being set up to fulfill the communication mandate and data requirement, an Internet website was set up in 1996. The website is one of the key management vehicles to fulfill the Secretariat’s mandate. Users can access a wide range of information including the APEC calendar of events and documents from meetings on the APEC website at [http://www.apecsec.org.sg](http://www.apecsec.org.sg).

**Business and Private Sector Participation**

The business and private sector is not involved in the communications and database system since it was developed, and is now maintained, by the APEC Secretariat.
Achievements

- All APEC member economies, working groups, committees and the private sector can easily communicate with the Secretariat by e-mail. Users can access selected APEC documents through the APEC Secretariat’s homepage.
- The new database (*APEC Projects Database*) was officially launched in August 1999. This database contains summary information of the APEC projects and will be a good management tool for working groups and committees.

Next Steps

The Secretariat will continue to maintain the communication system and to update the related databases to keep the data current. This will be an on-going process. The Secretariat will also implement the redesign plan for the APEC website.

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