2012 Senior Officials’ Report on Economic and Technical Cooperation

SOM Steering Committee on Economic and Technical Cooperation

September 2012
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A Letter from the SCE Chair

It is with great pleasure that I present to you the 2012 SOM Steering Committee on ECOTECH Report.

The key focus of the SCE in 2012 was to achieve significant realignment with one of the organizing themes and priorities of the Manila Framework for Strengthening Economic Cooperation and Development of 1996, in which Ministers urged “Working Groups and other relevant APEC fora to coordinate with each other and integrate their work on cross-cutting issues to achieve focused outcomes and demonstrate breakthroughs in advancing the goals of APEC in the light of Part II of the Osaka Action Agenda…”

SCE found practical approaches in coordinating the work of related working groups and fora, harnessing and increasing APEC’s capacity for concerted actions when tackling the challenges of our times. The approach was manifested through a SCE-COW Policy Dialogue among related fora, the creation of a Framework that guides related fora in working on issues of common nature, and the creation of a Steering Council for Travel Facilitation Initiative to ensure better coordination of work.

In addition to seeking ways to enhance cooperation amongst the fora, the year 2012 has also been a highly productive year with considerable progress in many areas. We continued efforts to right-size ECOTECH foras. We strengthened accountability and communications by leveraging fora’s medium term-plan into strategic plan. We continued independent assessment of ECOTECH foras. More details on the key achievements over the past year are provided in this report.

As you will notice in this report, SCE and its sub-fora contributed greatly to APEC’s ECOTECH agenda in 2012; we could not have done so without the outstanding commitment, hard work and contributions of the sub-fora and all member economies in fulfilling APEC’s ECOTECH objectives. In particular, I would like to thank SCE members, especially the SCE Vice-Chair, Ambassador Gennady Ovechko, for their support during my chairmanship.

I would also like to take this opportunity to welcome China as the new Chair of SCE in 2013 and wish them well in guiding the SCE to meeting APEC’s ECOTECH goals over the coming year. I look forward to coordinating and working closely with China.

While considerable progress has been made, continued effort is warranted. Only with strong commitment from SCE members, we would be able to accomplish more work, deliver economic and technical co-operation, reduce economic disparities among APEC economies and improve the quality of economic growth in the region so that it will be more balanced, inclusive, sustainable, innovative, and secure.

Yours faithfully,

Ambassador Yuri Thamrin
Chair, SOM Steering Committee on ECOTECH
Executive Summary

In 2012, the SOM Steering Committee on Economic and Technical Cooperation (SCE) met on two occasions on the margin of SOM meetings to discuss, *inter alia*, strategic planning of sub-fora, improving coordination on cross-cutting issues, improving public communication by fora and continuation of past SCE priorities of streamlining and independent assessment. SCE also held the seventh SCE – Committee of the Whole (COW) meeting with Chairs and Lead Shepherds of APEC committees and fora to discuss various policy issues as well as a Dialogue on Food Security as a cross-cutting issue in APEC.

The Committee had strong performance in 2012, meeting all commitments outlined in its annual work-plan¹. Key achievements include the development of a “Framework to Discuss Cross-Cutting issues”, creating a Steering Council to guide APEC’s implementation of the Travel Facilitation Initiative and updating the SCE Terms of Reference. The SCE also instructed the Industrial Science and Technology Working Group to consider possible revision to its Terms of Reference in order to include the active participation of business and academia in order to build innovation policies on a market driven basis, this work was completed intersessionaly.

SCE also considered and approved the annual work-plans of 15 working groups and task forces, endorsed the Terms of Reference for the Ocean and Fisheries Working Group and considered the revised Terms of Reference for the Health Working Group as well new Terms of Reference for the High Level Policy Dialogue on Agricultural Biotechnology. The SCE also considered the revised medium-term work plan of the Transportation Working Group.

SCE assessed and ranked all project proposals of SCE working groups/taskforces applying for APEC funding ahead of presentation to the Budget Management Committee (BMC).

Section 3 of this report provides a progress report on the APEC Growth Strategy. This update serves as the follow-up the Leaders’ request that Senior Officials conduct “annual progress reviews on APEC's relevant work programs while finding ways to take stock of progress, and making any needed adjustments in the work programs to maximize APEC’s efforts to promote the Five Growth Attributes.”

Section 4 of this report highlights some of the projects undertaken by various SCE fora to support economic and technical cooperation. Notably, during the period from October 2011 to August 2012, APEC working groups and taskforces have registered 94 ECOTECH-related projects. These include 73 projects approved by the BMC for APEC funding and 21 self-funded projects initiated and implemented by individual economies and/or groups of economies. In addition, the SCE itself had one APEC funded project during this period.

Section 5 of this report outlines key achievements of the SCE fora and ongoing efforts to strengthen the implementation of APEC’s economic and technical cooperation.

¹ A copy of the 2012 Annual Work Plan is contained in Annex 1 to this report.
Recommendations

The following recommendations are proposed to the 24th APEC Ministerial Meeting (AMM):

1. Endorse the 2012 SOM Report on Economic and Technical Cooperation;

2. Welcome the progress of work on strengthening APEC ECOTECH activities and enhancing fora accountability and communications, in particular the development of the Framework to Discuss Cross-Cutting issues” and the Steering Council to guide APEC’s implementation of the Travel Facilitation Initiative;

3. Welcome the achievements of the Working Groups and SOM Task Forces and welcome the ongoing improvements that have been achieved through the Program of Independent Assessment of all SCE fora; and

4. Welcome 2012 contributions to the APEC Support Fund from Australia, Japan, Russia and the United States.
1. Introduction

In 1998, the SOM Sub-Committee on Economic and Technical Cooperation was established with the mandate to “assist SOM in improving the management and coordination of ECOTECH activities among APEC fora”. The Sub-Committee was later elevated to the SOM Committee on Economic and Technical Cooperation (ESC) in 2002. In 2006, as part of the APEC reform process, the ESC was transformed into the SOM Steering Committee on ECOTECH (SCE) with an enhanced mandate to strengthen the prioritisation and effective implementation of ECOTECH activities by various APEC fora. In 2009, SOM agreed to further strengthen SCE’s policy guidance role as recommended by SCE’s internal review, the Terms of Reference (ToR) of the SCE were revised in 2010 and again in 2012 to reflect the working arrangements of the Committee.

In 2012, the SCE was chaired by Ambassador Yuri Thamrin, APEC Senior Official from Indonesia. The Vice Chair of the SCE was Ambassador Gennady Ovechko, APEC Senior Official from Russia.

The Committee met on two occasions during the year to discuss:

(a) strategic planning by sub-fora to better align APEC’s work with its overall vision and objectives;

(b) improving coordination on cross-cutting issues;

(c) improving public communication by fora;

(d) continuation of past SCE priorities of streamlining and the conduct of independent assessments.

The first SCE meeting of 2012, along with the seventh annual SCE-COW meeting and a Policy Dialogue on Food Security as a cross-cutting issue in APEC, were held on 16 February 2012 in Moscow, Russia on the margins of SOM1 meetings.

The Policy Dialogue on Food Security as a cross-cutting issue in APEC was held to inject substantial discussion on the issue of Food Security among SCE-COW members. Members discussed ways to contribute to APEC’s goals and priorities and to coordinate ECOTECH objectives and priorities set by APEC’s Economic Leaders and Ministers. The Dialogue was also aimed at supporting Russia’s priority on Food Security and ensuring continuity of the Niigata Declaration on Food Security and the Niigata Action Plan. The Dialogue also discussed the many aspects and facets of Food Security in APEC, ASEAN and G20. SCE-COW members agreed on the need to coordinate among related members so to achieve cross-fertilization of issues, while taking into account the need to complement the work plans of fora that are related to Food Security.

The SCE-COW was attended by representatives of eleven fora and offered a time for open discussion with SCE members on a number of important issues that will help to guide the work of APEC in near future. The key outcome of these discussions was an agreement that all ECOTECH fora will develop a Strategic Plan to be completed in 2013. Another important discussion was on ways to encourage and support APEC sub fora in collaborating on issues that cut across the expertise of several working groups, specifically noting the Travel Facilitation Initiative approved in 2011 and sustainable development of oceans: discussions in this area were continued at SCE2.
Other issues discussed at these meetings included ways in which the APEC Secretariat communications team can help fora to publicize their work, endorsement of a minor amendment to the Guidelines for lead Shepherd/Chair and Deputy Lead Shepherd/Chair of APEC Working Groups and SOM Task Forces to recognize that it is always the role of the APEC Secretariat Program Directors to take notes during meetings, and a proposal on promoting evidence based policy making to support regional economic integration and sustainable growth. The SCE also endorsed revised Terms of Reference for the Health Working Group and the medium term work plan of the Transportation Working Group.

The second SCE meeting of 2012 took place in Kazan, Russia on 31 May 2012 on the margins of the SOM2 meetings. During this meeting the SCE endorsed a new Framework to Discuss Cross-Cutting Issues to encourage fora to work together on issues that cut across the expertise of the various working groups and suggest ways in which this cooperation can take place. The SCE also endorsed the creation of a Steering Council for Travel Facilitation Initiative. During the SCE2 meeting, members discussed a proposal to transform the Industrial Science and Technology Working Group into a Policy Partnership on Innovation mandate to include the active participation of business and academia in order to build innovation policies on a market driven basis, ISTWG members were requested consider the changes required for this to take place at their next meeting in August, and submit the TOR to the SCE for intersessional approval. The SCE also endorsed revised Terms of Reference for the OFWG, agreed to extend the MTF mandate for an additional three years (2012-2014), and endorsed the 2012 Annual Work Plans of the EGILAT, OFWG and EPWG.

With the endorsement of the five medium term ECOTECH priorities in the Framework to Guide APEC ECOTECH Activities in 2010, this report includes a summary of the work undertaken in 2012 on the implementation of these priorities. During the period from October 2011 to August 2012, APEC committed to fund a total of 74 ECOTECH projects proposed by the SCE and its fora. In addition, 20 projects initiated and self-funded by individual member economies or group of economies were undertaken to advance work in priority areas and support economic and technical cooperation in APEC.

There were 9 additional ECOTECH projects from other Committees of APEC: 6 projects from the Committee on Trade and Investment (CTI), 2 projects from the Economic Committee (EC) and 1 project from the Senior Officials Meeting (SOM), all of which received funding from the APEC Support Fund. The outcomes of these projects will be reported in the reports to Leaders and Ministers from the respective forum.
2. **2012 Highlights and Priorities**

### 2.1 Strengthening ECOTECH activities in APEC

Two main threads of work supported this key agenda of SCE in 2012. One was a continuation of the work done in 2011 to reform APEC structures and seeking ways to enhance cooperation amongst the fora. The other was addressing the issues of accountability and communications to increase the responsiveness of APEC fora to the overall goals and objectives of APEC as set by Leaders and Ministers.

#### a. SCE Fora Reform

**Focusing on Intensive Cooperation to Foster Innovative Growth**

Following on the success in 2011 where significant changes were made to the organizational structure of APEC’s ECOTECH fora, the SCE continued discussions in 2012 to continue to seek ways to adopt a more strategic and holistic approach to ECOTECH activities, focusing APEC resources on achieving the outcomes most important to its members and maximizing APEC’s contribution to the region.

One of the four key priorities of APEC in 2012 is Intensive Cooperation to Foster Innovative Growth, and in line with this priority, the SCE discussed a proposal from Russia that would enhance the agenda of the Industrial Science and Technology Work Group to include a broader focus on innovation by amending the mandate to become a Policy Partnership on Innovation.

The proposed Policy Partnership on Innovation is an expansion of the current ISTWG to include the active participation of business and academia in order to build innovation policies on a market driven basis.

**Strategic Planning to Align the Work of Fora with Overall APEC Objectives**

In 2011 the SCE with the support of the APEC Technical Assistance and Training Facility (TATF) developed a Strategic Planning Process Guide to help working groups map out how they will reach their goals and objectives. The strategic plan for the working group will establish a foundation so that all of APEC knows what is planned and what is expected of the working group. On the margins of both SOM1 and SOM2 a consultant was made available to ECOTECH fora to help them with the development of a strategic plan and assist in the strategic planning exercise of leveraging medium-term work plans into strategic work plans. The SCE agreed that all ECOTECH fora will develop a strategic plan, submit a written update at SCE2 in 2013 and submit the final strategic plan before CSOM 2013, with the view of presenting it at SCE-COW 2014.

**Renewing the Mandate of the Mining Task Force (MTF)**

SCE members discussed the importance of mining to APEC economies and the contributions that the MTF can make to APEC’s agenda and the region. While concerns had been expressed in 2011 about the effectiveness of the MTF in meeting APEC objectives, several economies noted that the current status of the MTF as a task force having to seek a renewed mandate every two years may be limiting its ability to be effective. SCE members endorsed an MTF mandate extension for a period of three years (2012-2014) noting that SCE is willing to consider a formal proposal to change the MTF status into a working group at a future meeting.
Renewing the Mandate of the Counter-Terrorism Task Force

In August 2012 the Counter-Terrorism Task Force submitted a request for a two year mandate extension during the month of August 2012. This request was considered and endorsed by the SCE intersessionally.

Terms of Reference for the High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB)

During 2011 the SCE discussed a possible merger between the High Level Policy Dialogue on Agricultural Biotechnology and the Agricultural Technical Cooperation Working Group. During these discussions it was noted that the HLPDAB did not have any Terms of Reference which could help members to gauge the level of mandate overlap that exists between the groups. The outcome of this discussion was a request to the HLPDAB to develop a set of Terms of Reference for delivery to the SCE in 2012. The requested Terms of Reference were developed by HLPDAB members and approved by SCE and SOM intersessionally following SCE2. These Terms of References are attached as Annex 3.

b. Coordination Among APEC Fora

Framework to Discuss Cross-Cutting Issues

The SCE-Chair presented a framework which outlines a number of processes in which issues that have a natural home in many APEC fora can be discussed or coordinated between the fora. The Framework describe the various processes that are commonly practiced in APEC, such discussion at the SCE-COW or policy dialogues, joint meetings, activities or projects, or through intersessional communication. The SCE endorsed the framework (Annex 4) and noted that it matches well with the emphasis being placed on strategic planning and ensuring that APEC work is effective. Members also cautioned that care will need to be taken in implementing these measures to ensure that each forum is enabled to provide unrestricted contributions.

The document will be further distributed to SCE fora to serve as a living document that guide SCE fora when working on cross-cutting issues identified by Leaders, Ministers, and Senior Officials, to ensure alignment with APEC’s overall goals and objectives.

Creation of a Travel Facilitation Initiative Steering Council

The United States presented a proposal to create a Steering Council to coordinate, guide and report on the work being undertaken within APEC towards the Travel Facilitation Initiative (2012/SOM2/SCE/011). The proposal was endorsed by the SCE. A member economy noted the importance of the Steering Council providing updates to both SCE and CTI given the involvement of sub-fora under both groups. It was also agreed that the United States would take on the coordination role for the TFI Steering Council and that should the SCE fora involved in the TFI not appoint a representative to the Steering Council, the SCE will assume that this role is to be taken by the Chair of the forum involved.

Promoting Blue Economy Initiatives

Indonesia presented a concept paper on “Promoting Blue Economy Initiatives to Strengthening Food Security Linked to Climate Change in the Asia-Pacific Region” (document 2012/SOM1/SCE/005) as a way to mainstream ocean issues, address all elements for achieving sustainable development of oceans and marine resources, and in supporting regional economic integration in line with the Leaders’ Growth Strategy. The APEC Ocean Related Mapping Exercise (2012/SOM2/SCE/012) was also presented to emphasize the importance of this issue as
cross-cutting. SCE considered “Promoting Blue Economy Initiatives” as a cross-cutting issue that will be further elaborated and agreed to further discuss the development of the issue within APEC.

**c. Fora Accountability and Communications**

*Strategic Planning*

The key outcome of the SCE-COW meeting was an agreement that all ECOTECH fora will develop a Strategic Plan to be completed in 2013. This follows on the work of the SCE and the Executive Director of the APEC Secretariat in 2011 to help fora better align their work plans with APEC’s overall vision and objectives. SCE-COW agreed that all ECOTECH fora develop a strategic plan, submit a written update at SCE2 in 2013 and submit the final strategic plan before CSOM 2013, with a view to presenting it at SCE-COW 2014.

The development work on this guide was led by the APEC Technical Assistance and Training Facility (TATF) and provided a consultant to hold a series of meetings with chairs and lead shepherds consultations on how to develop a strategic plan and to attended the meetings of a significant number of fora to provide specific advice and assistance to the strategic planning exercise of leveraging medium-term work plans into strategic work plans.

The SCE welcomed the idea of SCE applying strategic planning to coordinate cross-cutting issues. SCE identified cross-cutting issues which may benefit from a strategic planning exercise such as food security, disaster management, Travel Facilitation Initiative, blue economy and on advancing science and technology.

*Supporting Public Communications by APEC Fora*

In order to help fora with their communications activities, the Director of the APEC Secretariat Communications and Public Affairs Unit presented to the SCE-COW on ways that the Secretariat can support public communications and outreach activities by fora. The presentation included the kind of support provided by the unit as well as Program Directors and noted the importance of aligning the public messages from fora with APEC’s ECOTECH and broader annual priorities.

*Guidelines for Lead Shepherd/Chair and Deputy Lead Shepherd/Vice-Chair of APEC Working Groups and SOM Task Forces*

The SCE endorsed a change to the Guidelines for Lead Shepherd/Chair to clarify that it is always the role of Program Directors to take notes at APEC meetings. The revised policy is contained in Annex 5.

**2.2 Independent Assessment of SCE Fora**

In 2012, the SCE conducted four independent assessments involving of five working groups and task forces: a joint assessment of the Agricultural Technical Cooperation Working Group and the High Level Policy Dialogue on Agricultural Biotechnology and individual assessments of the Anti-Corruption and Transparency Working Group, the Telecommunications and Information Working Group and the Policy Partnership on Women and the Economy. The SCE’s decisions related to the independent assessment of these groups are set out respectively in Annexes 6, 7, 8 and 9. All groups were requested to implement SCE’s decisions and report progress regularly to SCE.
The Committee received reports on the implementation of the independent assessment recommendations from the Emergency Preparedness Working Group, Small and Medium Enterprises Working Group, Ocean and Fisheries Working Group, and the Mining Task Force.

The SCE also commenced the review of five other fora including the Energy Working Group, Industrial Science and Technology Working Group, Experts Group on Illegal Logging and Associated Trade and Counter Terrorism Task Force. Independent assessments will be conducted for these fora in 2013.

During 2012 the SCE undertook a survey of the consultants who have conducted previous assessments, APEC economies and sub-fora Chairs and Lead Shepherds on ways to improve the process of independent assessments. Recommendations were provided for the APEC Secretariat, the SCE and sub-fora Chairs/Lead Shepherds.

At SCE1 the APEC Secretariat provided a response to the recommendations and proposed way forward to implement the recommendations. This plan was endorsed by SCE members and the recommendations implemented as possible for the 2012 assessments. The recommendations for the APEC Secretariat included: creating a package of background materials for assessors and sub-fora Chairs/Lead Shepherds; a document setting out roles and responsibilities during an assessment; creating a report template/guidance on key components for assessors. The SCE also endorsed the recommendation that the incoming SCE Chair economy will be the key point of contact for assessors. The incoming SCE Chair economy will help communicate the expectations of the SCE to the assessor.

### 2.3 APEC Support Fund

In 2004, Ministers endorsed the Australian proposal to set up the APEC Support Fund (ASF) to serve as a flexible funding mechanism to complement the existing Operational Account (OA) and Trade and Investment Liberalisation Fund (TILF) for meeting capacity building needs for APEC developing economies in APEC’s agreed high priority sectors for economic and technical cooperation. Since its inception, the fund has received contributions from many economies including Australia; China; Hong Kong, China; Japan; Korea; Russia; Chinese Taipei; and the United States. This has significantly boosted resources available to build capacity in the region for economic and technical cooperation activities.

Contributions to the ASF in 2012 were received from Australia, Japan, Russia and the United States.

In December 2011, Australia provided a contribution to the 2012 ASF General Fund of AUD1.5 million (USD1,539,900), this was part of the AUD10.1 million provided in the years 2008-2013 under a Memorandum of Understanding (MOU) with the APEC Secretariat which was revised in 2011.

Thus far in 2012 Japan has provided funds for the ASF totaling JPY87,480,000 (USD1,045,786). These funds were designated for ASF Sub-Fund D - Energy Efficiency.

In August of 2012 Russia provided the remaining funds from their 2011 MOU with the APEC Secretariat to provide US$3 million over two years for the ASF. A total of USD2 million was provided split evenly between Sub-Fund A – Human Security and Sub-Fund C – Science and Technology.
Under a grant agreement from 2009, the United States committed USD392,000 for ASF Sub-Fund D – Energy Efficiency which was drawn down in May 2012.

From October 2011 to September 2012, the ASF funded 69 ECOTECH capacity-building projects in wide range of areas such as food security, emergency preparedness, avian influenza and harmonization of standards.
3. Progress Review of the APEC Growth Strategy

In 2010 APEC Economic Leaders agreed upon a Growth Strategy to improve the quality of economic growth in the region so that it will be more balanced, inclusive, sustainable, innovative, and secure. In the Leaders statement on this strategy it was requested that APEC Senior Officials conduct “annual progress reviews on APEC’s relevant work programs while finding ways to take stock of progress, and making any needed adjustments in the work programs to maximize APEC’s efforts to promote the Five Growth Attributes”.

SCE sub-fora have undertaken work to promote all five growth attributes during 2012. In particular Sustainable Growth, Inclusive Growth, and Secure Growth each form an aspect of APEC’s medium term ECOTECH priorities, structural reforms that will gradually unwind imbalances a raise potential outputs is an important component of Balanced Growth and is also a medium term ECOTECH priority.

Balanced Growth

In the area of balanced growth APEC Leaders have stated that they “seek growth across and within our economies through macroeconomic policies and structural reforms that will gradually unwind imbalances and raise potential output. Two SCE sub-fora reported activities in 2012 which support this priority.

The Mining Task Force reported contributing to APEC’s work in the area of balanced growth through a self-funded study on the impact of EU nickel compounds’ classification on APEC economies. An APEC publication was issued containing the report of the study.

The Human Resources Development Working Group (HRDWG) also reported efforts in this area through work on a number of projects to define and renew the way that higher education is measured and taught across APEC economies. Specific areas of focus include maths and language education.

Inclusive Growth

In the area of inclusive growth APEC Leaders have stated that they “seek to ensure that all our citizens have the opportunity to participate in, contribute to, and benefit from global economic growth.” Five SCE sub-fora reported activities in 2012 which support this priority.

The Health Working Group (HWG) continued work in 2012 in the area of strengthening health systems through an APEC Non-Communicable Disease Action Plan which is currently in the implementation phase and which will be reported separately to AMM. The HWG has also begun a new initiative on Mother and Child Welfare for the protection of women’s health and lowering infant mortality rates.

In 2012 the MTF held a workshop under the ongoing project “Capacity Building of Mining Stakeholders in APEC Economies on Corporate Social Responsibility (Phase 2)” to enhance understanding and encourage the practice of sustainable development in the mining sector by providing a multi-stakeholder, stage-by-stage approach to CSR in mining by conducting the train-the-trainer program designed during Phase 1.
The Ocean and Fisheries Working Group (OFWG) is holding the “13th APEC Round Table Meeting on the Involvement of the Business/Private Sector in the Sustainability of the Marine Environment.” Recognizing the great importance to business and industry of oceans and coasts, this project gives representatives from the private sector, academia, NGOs and other stakeholders an opportunity to share views with government officials on public marine affairs and on shaping ocean and coastal management.

HRDWG efforts in the area of inclusive growth are focused on two areas. The first is entitled “Advancing Inclusive Growth through Social Protection” and focuses on capacity-building capacity for strong social safety nets to ensure that the economic benefits gained via globalization are broadly shared and will result in increased public support for regional trade and investment. The second is a project focused on decent work during/after maternity and childcare leave. This project aims to supply economies with recommendations to provide such work and will reinforce the cross-cutting nature of gender activities.

The Small and Medium Enterprises Working Group (SMEWG) also reported work on inclusive growth through their project on Business Ethics Capacity Building for SME’s in the medical devices, construction and bio-pharmaceutical sectors. Work on this project has been focused on helping APEC economies draft voluntary codes of ethics for the medical and bio-pharmaceutical sectors.

The Telecommunications and Information Working Group (TEL) held a seminar in 2012 on ICT Applications for People with Special Needs (seniors and people with Disabilities), the final outputs of the project are expected by the end of 2012 and will address the issues restricting the development of ICT applications for people with special needs in order to enable them to bridge the digital divide.

The Tourism Working Group (TWG) held a Conference on Enhancing Tourism and Air Connectivity in the Asia-Pacific Region. The conference aimed to closely integrate and align the tourism and air transport policies to enhance and facilitate regional integration.

**Sustainable Growth**

In the area of sustainable growth APEC Leaders have stated that they “seek growth compatible with global efforts for protection of the environment and transition to green economies.” Seven SCE sub-fora reported activities in 2012 which support this priority.

The Industrial Science and Technology Working Group (ISTWG) project entitled “APEC Network Building: Applied Space Technology Centres” seeks to enhance transfer of satellite technologies to APEC developing economies through the application of satellite data for monitoring in order to lead to a synergy effect in “economic development, and improvement of governance on all levels. In particular, remote methods are used for precise control such as: forests protection and support of measures against climate change - illegal logging identification; forest fires monitoring”. The ISTWG also continued work on two projects from 2011 on climate change adaptation and using climate information for decision making in agriculture.

The SMEWG is currently undertaking work towards a Green Technology Initiative which seeks to develop a technology and business network in 2012, and will host a two-day conference promoting study on the state of the art of green technology and green technology database support system among APEC SME policy development officials and SME employees. The SMEWG also held a second “Green Initiative Workshop” in conjunction with the 34th SMEWG Meeting. The workshop provided a venue for member economies to share their Green Action Plans (GAPs) and
best practices, as well as an opportunity to discuss future plans and identify areas of cooperation among APEC economies.

The Ocean and Fisheries Working Group (OFWG) continued its project on “Potential Contribution of Small Pelagic Fish to Food Security within Asia Pacific Region.” The project is aimed at contributing to long-term food security by offering a sustainable source of high-quality protein at low cost.

Many Energy Working Group (EWG) projects have focused on improving the quality of life by investigating better technology that enhances the environment through measures such as low-carbon cities, energy efficiency, green transport, electric vehicles, smart grids, renewable energy, lean utilization of coal, natural gas, unconventional gas, and even marine current energy and nuclear energy among others. New EWG projects will also seek to reinforce a better quality of life for APEC economies and a better environment for the region. The EWG is also working on the Energy Smart Communities Initiative, which has four key components – Smart Transport, Smart Buildings, Smart Grids and Smart. There are also two cross-cutting elements – Low Carbon Model Towns (LCMT) and a Knowledge Sharing Platform.

The Transportation Working Group (TPTWG) worked on Phase 2 of a 2011 project on Sustainable Intermodal Transportation, which examines short sea shipping to improve intermodal efficiency and reduce pollution, congestion, fuel costs and greenhouse gas emissions.

The TWG will hold a workshop on the margins of the Global Eco Asia-Pacific Conference to be held in Cairns, Australia in mid-October 2012. At the workshop, the TWG will consider the initial findings of the research report on best practice for sustainable tourism. A final report will be produced and published by the end of 2012.

The HRDWG held a symposium on Human Capital Policies for Green Growth and Employment on March 20-21, 2012. The project aims to adjust training, education, and development policies for sustainable/ green/ energy efficient growth and employment through a survey of member economies. The proposed project examined the status of policies within APEC economies to adjust training, education, and development policies through a survey of member economies.

**Innovative Growth**

Innovative Growth, which seeks to create an economic environment that promotes innovation and emerging economic sectors, was supported by the work of five SCE sub-fora in 2012. This area of the growth strategy also formed an APEC annual priority for 2012.

The ISTWG conducted work in 2012 to help foster an enabling environment for innovation through the creation of an APEC Co-Incubation Network which seeks to integrate the technology innovation and economy development: to push the technology and market collaboration among companies and incubators in APEC member economies by generating an internal network with policies and resources equally shared among incubators and companies; to provide soft landing services, improve the business environment to ease the way of doing business for small technology companies by providing networked incubation services; to promote human resources development by encouraging entrepreneurship and creating new jobs. The ultimate outcome is to form a system that will further promote the innovation, regional economic integration and entrepreneurship, based on a view of technology-based small companies.

The OFWG completed the “Seminar on Satellite Data Application for Sustainable Fishery Support in APEC” and published the final report in 2012. The project served to improve the capacity of APEC developing economies in the application of satellite data for sustainable fishery support,
marine biodiversity conservation, and recognition of interaction between climate change and fisheries.

The SMEWG worked on ways to enhance the prospect for innovation, job creation, economic growth, and business opportunities in the APEC region through two conferences held in June to share start-up policies and best practices to promote entrepreneurship in the APEC region.

The Agricultural Technical Cooperation Working Group (ATCWG) undertook a number of projects in 2012 focused on improving food security in the APEC region including through innovation to increase food productivity.

The HRDWG has developed a project in 2012 which will examine Entrepreneurship Skills Development for the Unemployed by developing an APEC basic entrepreneurial training courses (incl. long distant version) and holding an APEC Workshop-training to discuss and improve findings, select the best relevant practices and prepare pilot master-trainers in APEC economies.

The Tourism Working Group (TWG) is currently working on a project on Creating Business Growth Opportunities in the New APEC Economy. This project will develop a set of policy recommendations for APEC economies for overcoming impediments to travel and tourism growth in the region and how to take advantage of the opportunities, including through technology and innovative tourism policy.

Secure Growth

Secure Growth, which seeks to protect the region's citizens’ economic and physical well-being and to provide the secure environment necessary for economic activity, was supported by the work of eleven SCE sub-fora in 2012.

As a joint effort between the EPWG and the SMEWG, work has begun in 2012 on a multi-year project to enhance SMEs’ resiliency to natural disasters. The project will be implemented through three phases: 1) a survey to assess the status of business continuity plans in the APEC region; 2) holding of a Focal Point Network Meeting and an Expert’s Meeting; and 3) hold a “Symposium on Promoting Business Continuity Plans to Enhance SMEs’ Participation in Global Production Chains”.

The ATCWG continued efforts to implement the Niigata APEC Action Plan on Food Security and the ATCWG 2010-2015 work plan to strengthen regional food security. The Asia-Pacific Food Security Information Platform was successfully launched in 2012. ATCWG Projects conducted in 2012 examined other issues affecting food security including Ease of Doing Business in the Agricultural Sector, technology transfer in the agricultural sector, plant biotechnology, a feasibility study on establishing the APEC Food Emergency Response Mechanism, symposium on Climate Change: Adaptation Strategies with Mitigation Potential for Food and Water Security use of indigenous vegetables, food safety and good animal husbandry practices, workshop on the Application of Remote Sensing and GIS Technology on Crops Productivity among APEC Economies, and an International Conference on Natural Resources and Infrastructure Management for Agriculture.

The EWG conducted work in the area of energy security, principally through the Energy Security Initiative (ESI) through which members address short and long term energy security challenges in a sustainable manner in APEC. The ESI comprises a series of short-term measures to respond to temporary energy supply disruptions and longer-term policy responses that are practical and achievable to address the broader challenges facing the region's energy supply. The 10th Energy
Ministerial Declaration issued in 2012 was entitled "Energy Security: Challenges and Strategic Choices", underlining the importance of energy security issues.

The HWG has developed the APEC Action Plan to reduce the economic burden of NCD disease in the region through sharing best practices and the establishment of innovative public-private partnerships for the prevention and control of non-communicable diseases. Work completed in 2012 included the development of the APEC NCD Action Plan Implementation Template which has been completed by a number of economies. In 2012, APEC economies have also begun work to address priority health issues and their economic challenges including Maternal Newborn and Child Health (MNCH) which will provide a significant social and economic return to economies, reducing the economic burden of disease, stimulating growth, increasing productivity, and transforming health “as a cost” to an economic asset and driver of growth.

The OFWG conducted a self-funded project entitled “Seminar on Sharing the Experiences of Mitigating the Impact of Extreme Climate on Aquaculture and Fisheries,” which allowed APEC economies share experiences to better understand, prepare for, and respond to changing climate conditions and thereby reduce negative effects on aquaculture and fisheries.

In 2012 the TPTWG completed its work on the Port Security Visit Program which has successfully met all its objectives. The TPTWG has also continued implementation of a number of projects focused on security and safety of transportation and transportation infrastructure.

The TELWG has implemented a project on “Application of ubiquitous information & communications technologies (ICT) for customized management in emergency situations”.

In 2012 the Anti-Corruption and Transparency Working Group (ACT) implemented two projects enhancing APEC work in the area of Secure Growth. The first was a workshop on “Effectively Combating Corruption and Illicit Trade through Tracking Cross-Border Financial Flows, International Asset Recovery and Anti-Money laundering Efforts: Its Impact on Poverty Reduction and Economic Growth. A seminar for the second project, entitled “Implementation of the APEC Code of Conduct for Business (Integrity and Transparency Principles of the Private Sector)”, will take place in September 2012. The ACT has also begun working on a Multi-Year Project on “Capacity Building Workshops on Designing Best Models on Prosecuting Corruption and Money Laundering Cases Using Financial Flow Tracking Techniques and Investigative Intelligence for Effective Conviction and Asset Recovery to Promote Regional Economic Integration” which will be implemented from 2012 to 2016.

The Counter Terrorism Task Force (CTTF) is undertaking several capacity building initiatives in each of the four cross-cutting activity areas of the APEC Counter-Terrorism and Secure Trade Strategy: Secure Supply Chains, Secure Travel, Secure Finance, and Secure Infrastructure. Projects undertaken in 2012 in these areas include: preparation of a multi-year project on Trade Recovery Communications Mechanisms; holding of a 3rd workshop on Air Cargo Security; three self-funded APEC workshops that will be implemented jointly with the TPTWG (Bus Anti-Terrorism Workshop, canine screening and aviation security workshop, and a workshop on low cost/no cost aviation security and checkpoint optimization capabilities); a joint BMG-CTTF project proposal to develop characteristics for Trusted Traveler” programs; a work program focused on preventing Designated Non-Financial Businesses and Professions (DNFBPs) from being misused for terrorist financing; anti-money laundering and improving governance in Southeast Asia; Major Event and Tourist Security.

The HRDWG is implementing a project on Emergency Preparedness Education to develop the teaching program against disasters for schools. HRDWG is also implementing a project on
“Building natural disaster response capacity – sound workforce strategies for recovery and reconstruction” with a view to sharing knowledge on the design and effect of different approaches taken by government, business and community stakeholders to maintain employment and support recovery in various disaster situations.

Recognizing safety as a part of the tourist product and signifier of a higher quality of tourist service, the TWG worked on an APEC Guidelines on Ensuring Tourist Safety in consultation with CTTF. TMM7 endorsed the Guidelines and further encouraged members to consider practical and focused action to implement the provisions of the Guidelines.
4. APEC Projects in Action

With the endorsement of the new Framework to guide ECOTECH activities in APEC, from 2010, SCE reports annually against the five medium-term priorities. These priorities for APEC’s economic and technical cooperation are:

- Regional Economic Integration;
- Addressing Social Dimension of Globalisation (Inclusive Growth);
- Safeguarding the Quality of Life through Sustainable Growth;
- Structural Reform; and

During the period from October 2011 to August 2012, APEC committed to fund a total of 74 ECOTECH projects proposed by the SCE and its fora. Out of the 74 projects, 4 projects received funding from the TILF Special Account, 10 projects were funded by the OA and 60 projects by the ASF. In addition, 21 projects initiated and self-funded by individual member economies or group of economies were undertaken to advance work in priority areas and support economic and technical cooperation in APEC. There were also 9 additional ECOTECH projects from other Committees of APEC: 6 projects from the CTI, 2 projects from the EC and 1 project from the SFOM, all of which received funding from the APEC Support Fund. The outcomes of these projects will be reported in the reports to Leaders and Ministers from the respective forum.

The following section highlights projects/activities undertaken by various SCE fora to support economic and technical cooperation. Projects approved for APEC funding during the period from October 2011 to August 2012 are summarized in the following charts; self-funded projects are not included in the data unless specifically noted, the SCE project for the independent assessment of SCE fora has also been excluded where necessary as it could not be classified into one of the ECOTECH priority areas.
ECOTECH Projects by Priorities (period 10/2011 – 08/2012)

*Number of projects

- Human Security, 21
- Regional Economic Integration, 9
- Addressing Social Dimension of Globalisation (Inclusive Growth), 9
- Safeguarding the Quality of Life through Sustainable Growth, 32
- Structural Reform, 2

ECOTECH PROJECTS BY PRIORITIES 2010 – 2012

*Number of projects

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2 APEC’s medium term ECOTECH priorities were set in 2010
NUMBER OF APEC FUNDED PROJECTS INITIATED BY SCE FORA UNDER EACH ECOTECH PRIORITY WORK STREAM (10/2011 – 08/2012)

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<th>APEC Forum</th>
<th>ACT</th>
<th>ATCWG</th>
<th>EWG</th>
<th>EGILAT</th>
<th>EPWG</th>
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SUMMARY OF ECOTECH PROJECTS CONDUCTED BY SCE FORA ACCORDING TO FUNDING SOURCE (10/2011 – 08/2012)

| APEC Forum | ACT | ATCWG | EWG | EGILAT | EPWG | HWG | HRDWG | ISTWG | OFWG | PPWE | SME | TEL | TWG | TPWG | CTTF | MTF | SCE | Total |
|------------|-----|-------|-----|--------|------|-----|-------|-------|------|------|-----|-----|-----|------|------|-----|-----|-----|-------|
| Source of Funding | | | | | | | | | | | | | | | | | | |
| Operational Account | 4 | 1 | 1 | 2 | 1 | 1 | 10 |
| APEC Support Fund | 6 | 19 | 10 | 7 | 6 | 4 | 2 | 1 | 2 | 1 | 1 | 60 |
| TILF Special Account | | 1 | | | | | | | | | | 3 | 4 |
| Self-Funded | | | | | | | | | | | | | | | | | |
| Total | 0 | 6 | 23 | 0 | 3 | 10 | 13 | 7 | 4 | 0 | 6 | 9 | 1 | 6 | 5 | 1 | 1 | 95 |

a. Funding criteria for all APEC projects

The introduction of holistic funding priorities is designed to ensure that all proposals are prioritized in line with APEC Leaders’ and Ministers’ instructions, and that there is a common basis for making funding decisions given that the demand for project funding significantly exceeds the supply.

In 2009, SCE took the first step to strengthen the SCE Policy Criteria by replacing the old six-tier ranking framework with the new four-tier rankings based on the nexus between the project proposal and the achievement of APEC’s core objectives. In 2010 the SCE oversaw the creation of a uniform set of funding criteria for all APEC regardless of the originating forum, the CTI and EC were also involved in the development of these funding criteria. These criteria are aligned with the APEC medium-term ECOTECH priorities, but are reviewed and revised each year to meet Leaders’ and Ministers’ instructions and APEC annual objectives. The 2012 funding criteria are attached as Annex 8.
Section 3 of this report contains a progress review of the implementation of the APEC Growth Strategy and provides a breakdown of the activities of APEC sub-fora contributing to the five growth attributes. Also noted in the APEC Growth Strategy Review is that the five growth attributes sought by APEC coincide significantly with the five medium-term ECOTECH priorities. In order not to duplicate the information already provided, this current section will only highlight the 2012 implementation of the ECOTECH priority of Regional Economic Integration, the one priority area not already discussed with the APEC growth strategy. A brief summary of the four ECOTECH priorities already covered previously:

1. **Addressing Social Dimension of Globalization (Inclusive Growth):** Seven (7) groups (HWG; HRDWG, MTF, OFWG, SMEWG, TEL, TWG) reported activities supporting this priority area.

2. **Safeguarding the Quality of Life through Sustainable Growth:** Seven (7) groups (ISTWG, SMEWG, OFWG, EWG, TPTWG, TWG, HRDWG) reported activities supporting this priority area.

3. **Structural Reform:** Two (2) groups (HRDWG, MTF) reported activities supporting this priority area.

4. **Human Security:** Twelve (12) groups (EPWG, SMEWG, ATCWG, EWG, HWG, OFWG TPTWG, TEL, ACT, CTTF, HRDWG; TWG) reported activities supporting this priority area.

   **a. Regional Economic Integration**

Activities to support regional economic integration occur across many fora and cover various areas from supply chain connectivity, environmental goods and services to investment in specific sectors. In 2012 five (5) groups reported activities supporting this ECOTECH priority.

The SMEWG held a workshop to enhance the capacities of SMEs to cope with high transportation and related costs and will deliver a report later in 2012 which includes a “Compendium of Innovative Strategies Available to SMEs for Reducing Transportation Costs” as the deliverable for the project.

The TEL continues to work on issues relating to regulatory cooperation on issues related to the telecommunications industry, including through the promotion of Mutual Recognition Arrangements (MRA) through the work of the TEL MRA Task Force. TEL has also been working to promote competition in interconnection and international mobile roaming markets.

With the increased demand for electricity in the region the EWG project “Engagement by APEC Economies in International ‘Smart Appliance’ Standards for Air Conditioners and Other Appliances” will contribute to Regional Economic Integration by helping to harmonize standards across the region and remove a potential barrier to trade. The EWG has also undertaken an number of projects that will contribute to reducing barriers to energy trade and investment, particularly in the areas of alternative fuels.
A significant aspect of the work of the TPTWG is related to the Supply Chain Connectivity Framework (SCC) which is led by the CTI and is focused on REI. Specific activities in this regard in 2012 included projects on supply chain Security, trans border logistics, road safety measures, third party logistics, and enhancing visibility of maritime container transportation.

The HRDWG will achieve the following two major tasks in 2012: 1) nurturing Human Resources for achieving REI; and, 2) educating and promoting the Leaders’ goal and REI to HRDWG stakeholders. With these, HRDWG is aiming at being a practical foundation to be the fundamental platform of APEC promotion and implementation among APEC region by combining diverse stakeholders such as governments, educational institutes, enterprises, training centers, non-profit organizations, and research institutes in the APEC region.
### 6. Key Outcomes

#### Selected key achievements of SCE fora

<table>
<thead>
<tr>
<th>Fora</th>
<th>KEY OUTCOMES AND EXPECTED DELIVERABLES</th>
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</table>
| ACT    | - APEC Declaration on Fighting Corruption which is anticipated to be a deliverable for APEC Economic Leaders during their meeting in Vladivostok.  
        - ACT – ABAC Dialogue on Combating Corruption to Promote Economic Growth and Competitiveness.  
        - The ACT-OECD workshop on fighting corruption in business transactions.  |
| ATCWG  | - Voluntary principles on Food Defense  
        - APEC Workshop on Cultivation Technology of Protected Horticultural Crops  
        - ATCWG Biofuels Network Annual Symposium and Biotrade/Technical Training Workshop.  |
| EWG    | - Inauguration of the Energy Smart Communities Initiative  
        - Progress with APEC Peer Review of Energy Efficiency (PREE) and Cooperative Energy Efficiency Design for Sustainability (CEEDS)  
        - Intensify work on standards and testing methods for key energy-intensive appliances and building components  
        - undertaking projects on renewable energy and alternative fuels  |
| EGILAT | - Development of proposals for Capacity Building Activities  
        - Information Sharing Among APEC economies and other relevant groups and organizations  |
| EPWG   | - Guidelines on promoting SME business continuity plans (BCP) to strengthen reliability of supply chains  
        - Disaster Recovery Checklist  
| OFWG   | - Endorsement of Terms of Reference  
        - Completion of four highly effective capacity building projects and two APEC publications “Report for Workshop on Satellite Data Application for Sustainable Fishery Support in APEC” and “Marine Ecosystem Assessment and Management in the Asia-Pacific Region Phase III – Pilot APEC Large Marine Ecosystems”; as well as anticipated completion of two additional projects  |
| HWG    | - Health Policy Dialogue on Using Health IT to Connect and Strengthen the Health Care System  
        - Implementation on APEC NCD Action Plan  
        - HWG/LSIF high level dialogue on Driving a Healthy Life Course in the APEC Region: *Investment in Health as an Economic Asset and Driver of Growth.*  |
| HRDWG  | - 5th APEC Education Ministerial Meeting (AEMM)  
        - Development of Joint Project with other APEC Fora such as EC and EPWG on APEC Future Economies and APEC Future Rescuers  |
| ISTWG  | - APEC Youth Festival  
        - Projects on APEC Co-Incubation Network and Development of Engineering Professionals in APEC Economies  
        - Workshop on Innovative Service Chain Based on Information Technology  
        - APEC Network Building – Applied Space Technology Centres  |
### PPWE
- Development of Individual Action Plans for Women and the Economy that set out policies and programs that individual economies are implementing in order to achieve the sustainable and inclusive growth objectives and include women as an economic growth strategy.

### SMEWG
- Improved efficiency of the SMEWG and ministerial meetings, allowing greater productivity and enhanced policy outcomes to benefit SMEs/MEs.
- Progress on SMEWG multi-year projects

### TEL
- Hosting a second annual Cybersecurity Awareness Day on 29 October. Cybersecurity awareness activities were also conducted at TELMIN9.
- 9th APEC Telecommunications and Information Ministerial Meeting (TELMM)

### TPTWG
- 7th APEC Special Transportation Ministerial Meeting (STMM)
- Final visits, training sessions and reports completed for the International Ship and Port Facility Security Code Implementation Assistance Program.

### TWG
- Adoption of APEC Tourism Strategic Plan
- Endorsement of APEC Guidelines on Ensuring Tourist Safety
- Development of recommendations on joint tasks or work program for achieving greater integration and convergence of tourism and air connectivity policies for immediate and future cooperation among APEC member economies
- Policy recommendations for APEC economies as to how to overcome the impediments to tourism growth and how to take advantage of the potential business opportunities tourism growth presents.
- Identification of methodology for sustainable practices to develop tourism destinations and products that are applicable to all APEC economies
- Active engagement in the APEC Travel Facilitation Initiative

### CTTF
- Publication of a best practices document for Major Event Security
- Hosting of three self-funded workshops jointly with the TPTWG on Bus Anti-Terrorism, canine screening and aviation security, and low cost/no cost aviation security and checkpoint optimization capabilities.

### MTF
- Successful Conclusion of 4th Meeting of Ministers Responsible for Mining, and Issuance of Joint Ministerial Statement
- Completion of project on Socio-Economic Study of Impact of EU Nickel Compounds Classification on APEC Economies and publication of project report
- Expected completion of project on Capacity Building of Mining Stakeholders in APEC Economies on Corporate Social Responsibility (Phase 2)
7. Recommendations

Recommendations

The following recommendations are proposed to the 24th APEC Ministerial Meeting (AMM):

1. Endorse the 2012 SOM Report on Economic and Technical Cooperation;

2. Welcome the progress of work on strengthening APEC ECOTECH activities and enhancing fora accountability and communications, in particular the development of the Framework to Discuss Cross-Cutting issues” and the Steering Council to guide APEC’s implementation of the Travel Facilitation Initiative;

3. Welcome the achievements of the Working Groups and SOM Task Forces and welcome the ongoing improvements that have been achieved through the Program of Independent Assessment of all SCE fora; and

4. Welcome 2012 contributions to the APEC Support Fund from Australia, Japan, Russia and the United States.