



Asia-Pacific
Economic Cooperation

APEC Senior Officials' Report on Economic and Technical Cooperation

Printed by



Asia-Pacific
Economic Cooperation

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2006

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ISSN 0218-8932
APEC#206-ES-01.1

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A LETTER FROM THE SCE CHAIR

This year has been a year of transition. As part of the reform process in 2005, Leader's transformed the SOM Committee on Economic and Technical Cooperation (ESC) into the SOM Steering Committee on ECOTECH (SCE) with an enhanced mandate to strengthen the prioritization and effective implementation of economic and technical cooperation through APEC fora.

The new committee has adopted new Terms of Reference and a new work plan. It has streamlined project management processes, refocused ECOTECH priorities and has conducted a review of Working Groups, Task Forces and Networks.

These improvements will ensure more focused economic and technical cooperation and bring a strategic perspective to APEC's capacity building and technical assistance. It will be important to continue reform of APEC's institutional structure and work practices in 2007 and beyond. The ongoing review of the economic and technical cooperation agenda will remain at the core of reform efforts and will help to ensure we retain a strategic focus when allocating limited resources to competing priorities.



David Spencer
Chair, SOM Steering Committee on ECOTECH

EXECUTIVE SUMMARY

In 1996, Ministers adopted the Framework for Strengthening Economic Cooperation and Development to deepen economic and technical cooperation (ECOTECH) in APEC. To effectively implement the ECOTECH agenda, the SOM Sub-Committee for Economic and Technical Cooperation (ESC) was established in 1998. This was later elevated to the SOM Committee on Economic and Technical Cooperation in 2002. As part of the reform process, with effect from 2006, 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.

Objectives

- To strengthen implementation of APEC's ECOTECH activities by prioritizing in accordance with Leaders' and Ministers' commitments, coordinating and providing oversight of the work of APEC fora;
- To provide policy guidance on ways to achieve APEC's ECOTECH goals;
- To coordinate ECOTECH objectives and priorities between the APEC Economic Leaders Meeting and Ministerial Meetings.

The full Terms of Reference of the new Committee is included in Annex 1.

In accordance with the Terms of Reference, the SCE conducted a review of APEC Working Groups, Task Forces and Networks in 2006. The SCE undertook wide consultation with SCE members, Lead Shepherds and Chairs as part of the review and had substantial discussions at SCEIII in September regarding proposed options for rationalizing fora. Following the review, the SCE will hold an informal session of the SCE in the margins of CSOM, report to Senior Officials and make recommendations on establishing, merging, disbanding or reorienting these bodies.

The work of the SCE is guided by the *1996 Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development (Manila Declaration)* which outlined six ECOTECH priority themes. In 2006, the SCE reviewed the Framework and re-affirmed its commitment to the Manila Framework as a living document that provides the basis for the implementation of the ECOTECH activities outlined in the Osaka Action Agenda.

Recognizing more recent challenges facing APEC, particularly in relation to Human Security, and a commitment to economic structural reform, the SCE endorsed a recommendation to strengthen the Manila Framework by updating the priorities and consolidating it with several medium-term priorities:

- developing human capital;
- developing stable and efficient markets through structural reform;
- strengthening economic infrastructure;
- facilitating technology flows and harnessing technologies for the future;
- safeguarding the quality of life through environmentally sound growth;
- developing and strengthening the dynamism of small & medium enterprises (SMEs);
- integration into the global economy;
- human security and counter-terrorism capacity building;
- promoting the development of knowledge-based economies, and
- addressing the social dimension of globalisation.

These priority themes aim to promote sustainable growth and equitable development while assuring advancement toward free and open trade and investment in the region.

Recommendations

Together with the 2006 SOM Report on Economic and Technical Cooperation, the following recommendations are proposed to the 18th APEC Ministerial Meeting as follows:

1. Endorse the 2006 SOM Report on Economic and Technical Cooperation.
2. Welcome the ongoing efforts to reform APEC's economic and technical cooperation, recognizing the pillar's key contribution to attain sustainable growth and equitable development in the Asia-Pacific region.
3. Reaffirm commitment to the Manila Framework as a living document that provides the basis for the implementation of the ECOTECH activities outlined in the Osaka Action Agenda, and endorse the updated list of priorities.
4. Endorse the work undertaken by the SCE to review APEC fora and to strengthen economic and technical cooperation in APEC.
5. Instruct the SCE to continue efforts to improve the operations and work of Working Groups, Task Forces and Networks to ensure ECOTECH activities are targeted, effective and efficient to ensure the best use of limited resources in 2007 and beyond.

1. INTRODUCTION

In 1996, Ministers adopted the Framework for Strengthening Economic Cooperation and Development to further strengthen economic and technical cooperation (ECOTECH) in APEC. To effectively implement the ECOTECH agenda, the SOM Sub-Committee for Economic and Technical Cooperation (ESC) was established in 1998. This was later elevated to the SOM Committee on Economic and Technical Cooperation in 2002. As part of the reform process, with effect from 2006 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.

Senior Officials endorsed the new SCE Terms of Reference of the SCE in Hanoi, in February 2006, including responsibility for Working Groups, SOM Taskforces and Networks. The Terms of Reference of the SCE appear in Annex 1.

The SCE, with Ambassador David Spencer of Australia as Chair, met on four occasions in 2006 in Vietnam, including a special session on the fora review in the margins of CSOM, to implement the new mandate and oversee ECOTECH initiatives across APEC fora.

The inaugural meeting of the SOM Steering Committee on ECOTECH - Committee of the Whole (SCE-COW) was held in Ha Noi, Vietnam on 26–27 February 2006. This meeting included SCE members and representatives from SCE Fora (Working Groups and SOM Taskforces), who presented their draft workplans to the committee for endorsement. Initial discussion in the SCE focused on governance arrangements for the new committee and developing priorities to guide economic and technical cooperation.

The SCE discussed and agreed on three 2006 priorities to complement Ministerial and Leaders' priorities and Viet Nam's themes:

1. Strengthening ECOTECH, through the improved implementation of activities, ongoing reform and outreach to the broader community.
2. Bridging the development gap by promoting sustainable development, SME competitiveness, human resource development, knowledge-based and information technology and private-sector development.
3. Enhancing human security.

The second meeting of the SOM Steering Committee on ECOTECH (SCE) was held in Ho Chi Minh City, Viet Nam on 27 May 2006. At this meeting, the SCE endorsed a 2006 workplan. Key elements included: undertaking a review of Working Groups, SOM Taskforces and Networks; a review of the 1996 Framework for Strengthening Economic Cooperation and Development; coordinating and providing oversight of the work of APEC fora; and providing policy guidance on ways to contribute to APEC's ECOTECH goals and objectives. The SCE also endorsed a plan for collaboration and cooperation with International Financial Institutions (IFIs) and other international organizations (Annex 2).

As part of its mandate to rank and approve projects, the SCE endorsed policy criteria to guide the Budget and Management Committee (BMC) and the Secretariat in approving funding (Annex 4). It agreed that it would focus on ECOTECH projects, which were defined as all projects other than those undertaken by the Committee on Trade and Investment (CTI), Economic Committee (EC) and the Finance Ministers Process (FMP).

In addition, the SCE endorsed a workplan template to guide Working Groups, SOM Taskforces and Networks in future development of their workplans.

The third SCE meeting was held in Danang, Viet Nam on 14 September 2006. This meeting discussed the proposed options as part of the review of APEC fora and agreed to undertake further consultation with member economies and fora before finalizing recommendations for consideration at CSOM. It also endorsed the outcomes of the review of the Manila Framework. (See Section 2)

The committee successfully met commitments outlined in the SCE's 2006 Workplan (Annex 2) and undertook a more strategic overview of APEC's economic and technical cooperation by consulting widely, providing effective policy guidance and coordinating and reviewing the outcomes of fora.

As mandated, the SCE reports annually on the implementation of various ECOTECH activities and key initiatives under the six ECOTECH themes and the four APEC-wide ECOTECH priorities identified in 2003. The SCE's final meeting will be held at CSOM. Hence, this report covers all economic and technical cooperation undertaken up until SOM III in 2006.

In 2006, a total of 121 ECOTECH-related projects were reported as implemented by APEC Working Groups and fora. These include 109 projects that were approved for APEC funding, and 12 self-funded projects financially supported by individual or groups of economies. A simple analysis of the implementation of the ECOTECH projects is presented in Section 3.

Section 4 outlines the key outcomes of ECOTECH, including cross-cutting issues such as sustainable development and private sector development. It also includes the ongoing efforts to strengthen the implementation of APEC's economic and technical cooperation.

2. 2006 HIGHLIGHTS AND PRIORITIES

(a) Revitalising ECOTECH - The New SOM Steering Committee

As part of the APEC reform process, the 17th APEC Ministerial Meeting in Busan endorsed the recommendations by SOM to strengthen the implementation of ECOTECH activities by transforming the ESC into the new SOM Steering Committee on ECOTECH (SCE) with effect from 2006.

Ministers reaffirmed the importance of ECOTECH in contributing to sustainable growth and achieving common prosperity, and its significant role in ensuring the achievement of the Bogor Goals. Ministers commended the progress made this year in advancing the ECOTECH agenda and in reinforcing the complementarity of TILF and ECOTECH and called for efforts to further advance ECOTECH...They welcomed the officials' decision to strengthen the coordination of ECOTECH activities by establishing the Steering Committee on ECOTECH (SCE).

Senior Officials outlined the following recommendations to strengthen ECOTECH:

1. *Noting that the operations of APEC's eleven (11) Working Groups should be more consistent with the APEC process, SOM decided to transform the ESC into the SOM Steering Committee on ECOTECH (SCE) with an enhanced mandate to undertake the coordinating function and rank project proposals of Working Groups (WGs) by priority while evaluating their progress.*
2. *The composition, meetings and mandate of the SCE are as follows:*
 - **Composition:** *The SCE will be open to all Senior Officials. For the sake of effectiveness, the SOM Chair will nominate, at CSOM of each year, a core group of 11 Senior Officials in consultation with member economies. They shall comprise Senior Officials of*

the troika economies—current, previous and incoming host economies, and another eight Senior Officials for a one-year term on a rotational basis. When Senior Officials cannot exercise this function due to compelling reasons, alternate officials at a policy-making level will participate. The SCE will be chaired by the incoming host economy.

Note:

In 2006, the core group of 11 Senior Officials was from Australia, China, Chile, Indonesia, Korea, Malaysia, New Zealand, Peru, Thailand, United States and Viet Nam. The SCE Chair for 2006 was Australia.

- **Meetings:** *The SCE will meet three times a year in the margins of SOM. At SOM I, the SCE will be convened as the "Meeting of the ECOTECH Committee of the Whole (ECOW/SCE)" where the SOM Chair and Lead Shepherds of WGs or their representatives are invited. The SCE shall convene as close as possible to SOM meetings.*
- **Mandate:** *The SCE will be mandated as follows:*
 - i) *To develop a short-term plan and priorities to best implement the APEC's ECOTECH activities for the coming APEC year;*
 - ii) *To coordinate and supervise ECOTECH-related WGs as well as provide policy guidance on ECOTECH agenda;*
 - iii) *To assess and recommend realignment of workplans of WGs with the overall SCE's medium and long-term workplan: To this purpose, all WGs should submit their annual workplans to the SCE for consideration at the Meeting of the ECOTECH Committee of the Whole (ECOW/SCE);*

- iv) *To evaluate the progress of WGs in implementing and achieving the APEC's ECOTECH priorities;*
- v) *To approve and rank through categorization intersessionally, with the assistance of the Secretariat, all project proposals from WGs requesting Operational Account and TILF funding ahead of presentation to BMC; and take note of proposals for funding under the APEC Support Fund;*
- vi) *To compile progress and evaluation reports of WGs for review and report to SOM, and*
- vii) *To make recommendations to SOM so that SOM may seek a decision at a higher authority as necessary on the establishment, merging and disbandment of WGs.*

Senior Officials endorsed the new SCE Terms of Reference of the SCE in Hanoi, in February 2006, including an expansion of the SCE role to include SOM Taskforces and Networks. The Terms of Reference of the SCE appear in Annex 1.

Some of the key elements include:

Objectives

- To strengthen implementation of APEC's ECOTECH activities by prioritizing in accordance with Leaders' and Ministers' commitments, coordinating and providing oversight of the work of APEC fora.
- To provide policy guidance on ways to contribute to APEC's ECOTECH goals.
- To coordinate ECOTECH objectives and priorities between the APEC Economic Leaders Meeting and Ministerial Meetings.

Inter alia, the SCE will:

- Provide policy recommendations on APEC ECOTECH-related issues to SOM.
- Develop a short-term plan and priorities to best implement APEC's ECOTECH activities for the coming APEC year.

- Coordinate and supervise ECOTECH-related Working Groups and SOM Special Task Groups and provide policy guidance to these groups on the ECOTECH agenda.
- Assess and direct realignment of individual workplans of Working Groups and SOM Special Task Groups with the SCE's medium and long-term workplans; to this purpose, all Working Groups and SOM Special Task Groups should submit their annual workplans to the SCE four weeks prior to SOM I for consideration at the SCE-COW.
- Approve and rank (in terms of relevance to policy priorities), all ECOTECH related project proposals ahead of presentation to the BMC.
- Evaluate the progress of Working Groups and SOM Special Task Groups in implementing and achieving APEC's ECOTECH priorities.
- Compile progress and evaluation reports of Working Groups and SOM Special Task Groups for review and report to SOM.
- Review the role and operation of Working Groups, Taskforces and Networks, with a view to making recommendations to the SOM on establishing, merging, disbanding or reorienting these bodies.
- Review the 1996 Framework for Strengthening Economic Cooperation and Development and the four APEC-wide ECOTECH priorities identified in 2003 and make recommendations to SOM.
- Encourage active participation of International Financial Institutions (IFIs), relevant international organizations, the private sector and other relevant stakeholders such as ABAC in the capacity building activities of economic and technical cooperation through the creation of linkages

At SOM II, Senior Officials endorsed a more strategic approach to ranking and approving projects through the development of policy criteria to guide the Budget Management Committee in approving projects.

(b) Reviewing Working Groups and SOM Taskforces

In accordance with the Terms of Reference of the SOM Steering Committee on ECOTECH (SCE), economies agreed at SCE I to conduct a review of all APEC Working Groups, Task Forces and Networks. Following the review, the SCE will report to Senior Officials and make recommendations on establishing, merging, disbanding or reorienting these bodies.

To assist with this review and the wider APEC review, the SCE Chair requested that all APEC fora complete and submit to the APEC Secretariat an information template, which sought to gather information on Terms of Reference, review arrangements and meeting and project history. Data were received from Working Groups, SOM Special Task Forces, and Committees.

The SCE undertook wide consultation with SCE members and lead shepherds and chairs as part of the review and had substantial discussions at SCEIII in September regarding proposed options for rationalizing fora. It was agreed to consult further, taking account of feedback received. The final review paper puts forward a set of recommendations for improving the efficiency and coordination of APEC's ECOTECH activities.

(c) Reviewing the Manila Framework

The adoption of the *Manila Declaration on an APEC Framework for Strengthening Economic Cooperation and Development* in 1996 guided members in the implementation of Part II of the Osaka Action Agenda (OAA). The review paper (Annex 6) revisits the Manila Declaration to see how much has been achieved and whether it remains relevant today.

The paper highlights ECOTECH's wide ranging achievements while noting the importance of continuing to focus on the original goals of ECOTECH:

- To attain sustainable growth and equitable development in the Asia-Pacific region;
- To reduce economic disparities among APEC economies;
- To improve the economic and social well-being of the people, and
- To deepen the spirit of community in the Asia Pacific.

In 2006, Senior Officials re-affirmed their commitment to the Manila Framework as a living document that provides the basis for the implementation of the ECOTECH activities outlined in the Osaka Action Agenda and endorsed the recommended amendments to the priorities. The priorities outlined in the Manila Framework and those established in 2003 continue to focus ECOTECH on its key outcomes. Recognising more recent challenges facing APEC, particularly in relation to human security, a minor update of the priorities was endorsed by Senior Officials:

- developing human capital;
- developing stable and efficient markets through structural reform;
- strengthening economic infrastructure;
- facilitating technology flows and harnessing technologies for the future;
- safeguarding the quality of life through environmentally sound growth;
- developing and strengthening the dynamism of small and medium enterprises (SMEs);
- integration into the global economy;
- human security and counter-terrorism capacity building;
- promoting the development of knowledge-based economies, and
- addressing the social dimension of globalization.

3. APEC PROJECTS IN ACTION

The ESC is mandated to report annually on APEC's ECOTECH activities. Beginning with its first annual report, the implementation of ECOTECH activities has been presented based on the six ECOTECH priority themes endorsed by Ministers in 1996. These priority themes are:

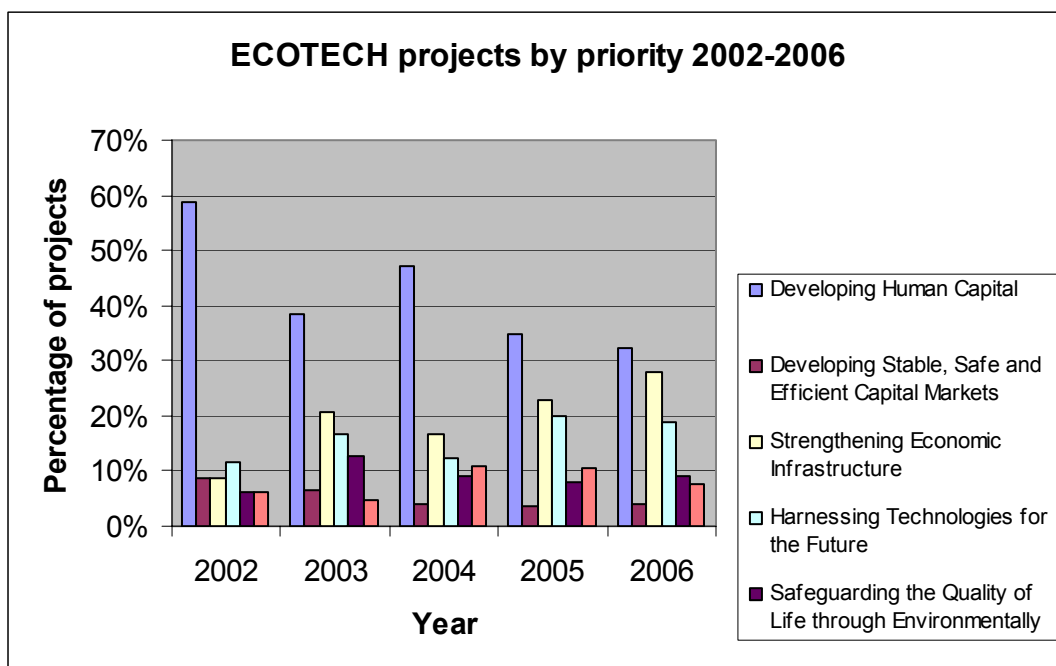
- Developing Human Capital
- Developing Stable, Safe and Efficient Capital Markets
- Strengthening Economic Infrastructure
- Harnessing Technologies for the Future
- Safeguarding the Quality of Life Through Environmentally Sound Growth
- Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)

Since the 2005 APEC Ministerial Meeting, APEC Working Groups and fora reported having implemented a total of 113 ECOTECH-related projects. These include 97 projects that were approved by the BMC

for financial support from APEC funding (Operational Account and TILF Special Account) and 38 self-funded projects initiated and implemented by individual or groups of economies. Information on self-funded projects was obtained from the APEC Project Database and the progress reports of self-funded projects to the BMC meeting.

In 2006, a total of 121 ECOTECH-related projects were reported as having been implemented by APEC Working Groups and fora. These include 109 projects that were approved for APEC funding, and 12 self-funded projects financially supported by individual or groups of economies. The majority of projects (39 or 32%) were focused on developing human capital. Thirty-eight projects (28%) were focused on strengthening economic infrastructure, although the majority of these were CTI projects.

Figure 1: ECOTECH Projects by Priority 2002–2006



Information on individual ECOTECH projects and activities undertaken by APEC fora in 2006 can be accessed from the APEC Secretariat's Project Database at <http://www.apec.org/apec/projects.html>. A table summarizing the number of projects that are in progress or were completed in 2006 under each ECOTECH priority theme is presented in Annex 5.

APEC-WIDE ECOTECH PRIORITIES

With effect from 2006, the SOM Sub-Committee for Economic and Technical Cooperation (ESC) was transformed into the SOM Steering Committee on ECOTECH (SCE), including in its role the coordination of the ECOTECH-related Working Groups and Task Forces; this new committee is now tasked to focus on the identification and implementation of capacity building projects under the four APEC-wide ECOTECH priorities.

Following the call of the Leaders and Ministers to improve the focus on APEC's economic and technical cooperation and capacity building objectives, a short list of APEC-wide ECOTECH priorities was approved in 2003. The short list of four priority areas was meant to serve as guidelines for future APEC ECOTECH agendas to make the best use of limited resources and maximize the impact of ECOTECH activities in strategic areas.

These priorities are:

- Integration into the Global Economy
- Counter-Terrorism Capacity Building
- Promoting the Development of Knowledge-Based Economies
- Addressing the Social Dimension of Globalization

During 2006, the SCE has monitored the activities implemented by APEC Working Groups and Task Forces that contribute to the execution of the four abovementioned priorities. The information was obtained from the APEC Fora Reports to SOM III, reports to

SOM by an economy or group of economies, and reports of self-funded activities.

3.1 INTEGRATION INTO THE GLOBAL ECONOMY

As a trade related issue, much of the efforts are reflected in the report by the Committee on Trade and Investment (CTI), which is responsible for the implementation of the Osaka Action Agenda (OAA) Part I. However, there are also a large number of projects or activities undertaken by APEC Working Groups and Task Forces that help the developing member economies to integrate themselves into the global economy. These are mainly from the Agricultural Technical Working Group (ATCWG), Energy Working Group (EWG), Human Resources Development Working Group (HRDWG), Small and Medium Enterprises Working Group (SMEWG), Telecommunications and Information Working Group (TELWG), Transportation Working Group (TPTWG), Trade Promotion Working Group (TPWG) and one task force, the Electronic Commerce Steering Group (ECSG).

The **ATCWG's** main activities envisage cooperation in technology concerning agriculture. However, there are also many areas closely related to trade.

In the area of plant and animal quarantine and pest management, the **ATCWG** held a workshop on "Capacity Building for Developing Economies in Applying Sanitary and Phytosanitary (SPS) Measures" on 26–28 July in Viet Nam. Focused on plant and animal health, the **ATCWG** organized a workshop on the "Development and Adoption of International Standards" that was held at the USDA's Center for Epidemiology and Animal Health's (CEAH) facilities in Fort Collins, Colorado from 18–22 October 2005. Also, the Australian Fumigation Accreditation Scheme has been supported by the **ATCWG**, since it represents a useful way to reduce business transaction costs in the agricultural trade market.

The **ATCWG** also deals with the issue of Production, Processing, Marketing, Distribution and Consumption of Agricultural Products. In this regard, Malaysia carried out, in 2006, a seminar on “Market Liberalization and its Relationship with Market Structure”, Conduction and Performance of Food Processing Industry of APEC member Economies.

As part of its annual agenda the **EWG** undertook several activities to promote integration into the global economy including the first and second APEC Gas Forums (APGAS) in September 2005 and 2006. The Liquefied Natural Gas (LNG) Public Education and Communication Information Sharing Initiative has been developed to improve public understanding of the benefits and safety of LNG as a means to facilitate trade. The **EWG** also continues the discussion on the ways to improve and standardize the collection of gas data, and at the 31st EWG meeting, members endorsed the monthly collection of gas data.

The **HRDWG** expressed its ongoing commitment to the expansion of trade in APEC and the development objectives of the Doha Development Agenda (DDA), by continuing to develop programs to meet education, training and capacity building needs of the APEC community and by ensuring that effective labor and social protection networks are in place.

SMEWG reported seven implemented activities related to trade. The APEC PECC Entrepreneur Consortium helps business and governments work together to develop a suite of products, services and infrastructure aimed to meet the needs of the emerging generation of managers and entrepreneurs, especially those in developing countries. The SME Impediments to Trade is overcoming barriers to trade by developing an identification and monitoring system, in cooperation with the OECD.

The APEC International Network of Institutes for Small Business Counsellors (APEC-IBIZ) aims to implement the small business

counselor certification program equally and equitably among the participating economies by leveraging the experiences of the successful economies for the benefit of those in need by: (1) promoting the establishment of the framework and infrastructure for the APEC-IBIZ program in APEC economies not yet participating in the program; (2) making use of information and communication technologies (ICT) to achieve a greater understanding and use of the knowledge-based economy and provide cost-effective access to the APEC-IBIZ program and other micro and small business development programs throughout the region; and (3) utilizing the established and emerging network to stimulate cooperation and understanding of common issues facing the MSME counseling community.

Other activities include the APEC SME Seminar on Support for Local and Cottage Industries; the APEC Business Incubation Forum; the APEC SME Service Alliance (SMESA); and the 4th APEC Small and Medium Enterprises Technology Conference and Fair (APEC METC). The 4th APEC METC was held in the city of Qingdao from 18–21 May 2006.

The TEL undertook several activities aimed to assist people within the APEC region to integrate into the global economy through the development, advancement and use of ICT infrastructure, services and applications to create digital opportunities.

The **TPTWG** facilitates international trade through supporting standardisation in various transport sectors, including vehicles and Intelligent Transport Systems (ITS) and working closely with other international fora, such as the International Civil Aviation Organization (ICAO) and the International Maritime Organisation (IMO). Important work is also carried out to deliver appropriate technical assistance in transport related areas.

Through workshops, symposiums, seminars and the sharing of information, the **TPTWG** assists in developing the skills necessary for

addressing the current and future needs of the transport industry. These activities include:

1) Mutual Recognition – Trial of a Competency-based Model on Intermodal and Logistics Managers (Australia). This completed project has identified an agreed set of competencies for logistics managers that have been trialed and validated in Australia with the cooperation of Queensland Rail.

2) Identification of Needed Intermodal Skills and Development of Required Training Programs Phase II – Status of Philippines Workshop (United States). The Philippines expressed interest in having this phase of the Intermodal Skills Course delivered in Manila during 2006. The project was funded, and arrangements have been made to deliver the course in October, 2006. There is a special interest in financial aspects of the different modes of transportation and how to compare the different modes from a financial perspective. Viet Nam and Indonesia expressed their interest to hold following-on funding proposals in this regard.

3) ISPS Code Implementation Assistance Program (ICIAP) – The Program Coordinator along with lead economies made a presentation to Maritime Shipping Experts Group (MSEG) on Phase 1 of the ICIAP workshops. A workshop was scheduled for June 2006 in Malaysia, while work is ongoing to schedule a workshop in Papua New Guinea. MSEG also agreed to develop a list of maritime security points of contact that can identify maritime security subject matter experts for capacity building efforts and to compile a catalogue of Maritime Security Training Capacity Building and Technical Outreach Initiatives.

The APEC-wide ECOTECH Priorities are currently advanced in the **TWG** via various capacity-building programs, both APEC funded as well as self-funded. The activities related to this priority are as follows: Tourism Occupational Skills Standards (TOSS) in the APEC region stage IV and *Best Practices in*

Sustainable Tourism Management Initiatives for APEC Economies.

The **TPWG** during its 2006 meeting in April reviewed completed and ongoing projects which directly impact this ECOTECH priority.

In this regard, Canada presented its ongoing project, “Integrated Trade Services Models: Best Practices in eTrade Finance.” Canada completed its study through interviews with eTrade platform service providers and observers in APEC economies. Such interviews were conducted in Chinese Taipei, Hong Kong, China and Singapore in March 2006, and additional research will be conducted in Japan, Korea and China in November 2006.

As a self-funded project, Korea held an APEC Brand Marketing Seminar on 24–26 May 2006, and it contributed to enhancing the understanding of brand management among member economies.

A project presented by Malaysia, “The Forum on International Trade in Professional Services in APEC Economies” (held in Kuala Lumpur from 14–17 August 2006), was part of APEC’s efforts to engage the private sector, especially professional services such as consultancy, engineering, architecture and accountancy.

One research contribution of **TPWG** is the Philippines project, “Anthology of Trade Promotion Practices of Selected APEC Economies.” This study was carried out in Thailand, Vietnam, Malaysia, Indonesia, China, Chinese Taipei and the Philippines. Singapore also reported on the results of its project, “Franchising Opportunities in APEC Economies.” Beneficiaries would be SMEs that do not have the capacity to do such market research. The project ended in March 2006 with strategic implications for the food and beverage industries.

During the **TPGW**, Mexico presented its project, “The Electronic and Information Technology Survey in APEC Economies.” This initiative aims to provide members with a

specialized guide to electronic and information technology industries in order to assist entrepreneurs, governments and Trade Promotion Organizations (TPOs) in finding new markets. It will help achieve sustainable and equitable growth and reduce economic disparities among member economies by meeting the Bogor Goals. The publication will be distributed to all the member economies as a benchmarking source.

ECSG Task Force presented ongoing activities that contribute to achieving integration into the global economy, focused on trade facilitation. Among the main activities are: Outcomes of the APEC Symposium on Information Privacy Protection in E-Government and E-Commerce; the outcomes of the 2nd Public Private Partnership Dialogue on Paperless Trading Dialogue (PPP Dialogue), since **ECSG** members also agreed to complete the revised Paperless Trading Individual Action Plan this year; the outcomes of the 2nd APEC-Electronic Commerce Business Alliance Forum and The *Initiative for APEC Women's Participation in the Digital Economy*, which aims to expand informatization and e-business opportunities for women entrepreneurs.

The **ECSG** held the APEC Symposium on Paperless Business Transactions – Matching the Benefits of Public and Private Sectors, in September 2006; the first session of the APEC Training Program on E-Trade and Supply Chain Management, in October 2006; and the conference to present the outcomes of the Project Development of APEC Guidance for Electronic Commerce, using the Best Practices of E-Government Procurement Systems, in November 2006.

3.2 COUNTER-TERRORISM CAPACITY BUILDING

Since its establishment in 2003, the Counter-Terrorism Task Force (CTTF) has coordinated the implementation of the 2002 Leaders' Statement on Fighting Terrorism and Promoting Growth.

In addition to the major work done by the CTTF, there are three Working Groups that report the implementation of activities in support of this priority.

The CTTF carried out two main activities in 2006:

(1) The Fourth STAR Conference held in Ha Noi, Viet Nam on 23–24 February 2006. This conference attached a great importance to enhancing public-private partnership as an effective way in ensuring secure trade, human security and reducing any adverse impacts of anti-terrorism activities on trade and investment development in the APEC region. The conference recommended that enhancing public and private partnership is crucial for effectively and efficiently promoting secured trade in the region; that the private sector, including small and medium enterprises, should not be viewed simply as fund providers, but as a partner in implementing security measures.

Discussions at the STAR Conference have focused on policies and procedures to enhance security and efficiency in the APEC region's seaports, airports and other access points, including port and airport security; shipping container security; coastal patrol; capacity building; financial assistance and private sector initiatives. The STAR initiative is also fostering coordination between public and private entities that is highly necessary to counteract terrorist threats to the supply chain.

(2) APEC Symposium on Total Supply Chain Security, held in Singapore on 6-7 July 2006. The symposium brought together experts from the public and private sectors to share best practices and contribute to information sharing. It aims to produce a set of recommendations that will help develop the framework for future work in APEC on total supply chain security.

Though **ATCWG** activities are not directly related to Counter-Terrorism Capacity Building, the ATCWG is seeking to

contribute to the security of the region through its work on food safety.

There are several tasks of **TELWG** that respond to the Ministers' call for improving communication and network security. Recognizing the important role of security in ICT development and use, the TEL established the Security and Prosperity Steering Group (SPSG) (formerly the e-Security Task Group under the Business Facilitation Steering Group) to address cyber security, cyber crime and critical infrastructure protection issues. The **TELWG** undertook work to address these issues through raising awareness of emerging security trends and malicious activity involving ICT, promoting network security and cooperation among computer emergency response teams (CSIRT), providing assistance to economies in drafting legislation on cyber crime, reviewing issues relating to the protection of critical infrastructure, and providing for capacity building activities for cyber crime experts, law enforcement officials and legislators, and follow-up action on the APEC Strategy to Ensure Trusted and Sustainable Online Environment.

Following up on the Leaders' Statement on Counter Terrorism, including efforts to curb terrorist threats against all modes of transportation, TPTWG supported the Symposium on Total Supply Chain Security proposed by Singapore (July 2006, Singapore).

Attention was brought to the APEC Ministerial Meeting on the Avian Flu of 5 May 2006, which adopted a five-point plan to combat the threat of a pandemic. There is considerable concern on how a potential outbreak would affect transportation and trade.

In the field of Maritime Security and as a result of the decisions made at the MSEG meeting at TPT-WG 26 in Vladivostok, ICIAP workshops were held between September 2005 and January 2006 in Thailand, Indonesia, Viet Nam and Peru. Another

ICIAP workshop was held in June 2006 in Malaysia, while work is ongoing to schedule a workshop in Papua New Guinea.

The members of MSEG agreed to conduct a second phase (Phase 2) of the recent set of ICIAP workshops. Members recommended that Phase 2 capacity-building efforts should focus on how to conduct drills and exercises and be tailored to the specific maritime security experts of a host economy with specific identifiable operational needs. **TPTWG** agreed that the representatives of the U.S., Canada, Japan and Australia would present Phase 2 proposals for ICIAP workshops in Viet Nam, Indonesia, Malaysia, Peru, the Philippines and Thailand at the next meeting in Vancouver in September 2006.

TPTWG focused APEC on aviation safety with the coordination of developing innovative and unique projects with international organizations and industries, as well as the development of mechanisms for assisting the implementation of new technologies for safety and capacity benefits.

At the TPT-WG27, in order to ensure the ongoing support of the Transportation Working Group for the secure transport of dangerous goods, the Intermodal and Intelligent Transport Systems Group recommended that APEC economies:

- (a) confirm their adoption of the relevant international codes, agreements and standards;
- (b) continue to share information through the Intermodal Experts Group regarding the transport of dangerous goods, in consultation with both the Aviation and Maritime Security Sub Groups, reporting on new international developments as and when required, which could be achieved through a standing agenda item for future IEG meetings;
- (c) encourage the implementation of transport security plans cross modally, ensuring that the transport of dangerous goods is addressed, and

- (d) apply their best endeavors to address any gaps in the regulatory systems between modes.

The **TWG** is expecting to launch and undertake the project, Strengthening Safety and Security Best Practices against Terrorism for Sustainable Tourism Development.

3.3 PROMOTING THE DEVELOPMENT OF KNOWLEDGE-BASED ECONOMIES

There are many activities related to the priority on promoting the development of knowledge-based economies in APEC. These were led by the ATCWG, HRDWG, ISTWG SMEWG, TPTWG, TWG and the Task forces ECSG and HTF. Some member economies also play an active role in promoting the knowledge-based economies in APEC.

The **ATCWG** activities included technologies in the field of agriculture, so that these may contribute to KBE in the region. The **ATCWG** has reported five activities in this matter. In the area of Conservation and Utilization of Plant and Animal Genetic Resources, Chinese Taipei will hold the 1st APEC Workshop on the Harmonization of CBD and TRIPs-related Issues on Plant Genetic Resources on 25–29 September 2006. Korea held the Workshop on Effective Genebank Management for an Integrated System on Sustainable Conservation and Utilization of Plant Genetic Resources in APEC Member Economies.

In the area of Agricultural Technical Transfer and Training, China held a workshop on the Organic Agriculture and Green Food on 1–3 November 2005, and a training course on Production Management and Techniques of Dairy Buffalo in 2005. Indonesia hosted a seminar on Networking of the Agricultural Technology Transfer and Training, and a workshop on the Utilization of the ATT&T Networking System in September 2006.

The **ISTWG** is also focused on the development of activities under this priority. These activities are reflected in the ongoing projects that include: Foresighting Future Fuel Technology; APEC Biotechnology Conference-Policy and Strategy; Implementation of APEC Climate Network for Climate Information Services; APEC – EqTAP Seminar on Earthquake and Tsunami Disaster Reduction.

The **SMEWG** has been very active in carrying out activities to promote knowledge-based economies. One of its main actions is the APEC Innovation Center for SME Development (SMEIC) (www.apec-smeic.org). The center is expected to become the major vehicle to promote SME innovation through various arrays of support programs for SMEs in the APEC region.

Another **SMEWG** activity is represented by the Research on the Innovation Promoting Policy for SMEs in APEC: Survey and Case Studies (Korea). This project aims to identify best practices and develop frameworks for promoting innovation in SMEs, and to disseminate on a regular basis the research results to member economies through a website in which policies and their practices can be updated and exchanged.

The **TELWG** recognizes that building human capacity through life-long learning is essential in achieving the benefits and the realization of a digital society and in narrowing the digital divide. The TEL has undertaken the following activities: training and development for policy makers, regulators, service providers, chief information officers and users, in the areas of policy development, NGN, e-government, promoting digital opportunities, and good regulatory practices; development and training to accelerate the TEL MRA; capacity-building initiatives to continue momentum toward the Asia-Pacific Information Society; and human resource development, such as an e-university to assist e-government, and the use of telecenters; and continued TEL e-learning initiatives for capacity building by utilizing ICT and emerging NGN technologies.

The **TWG** through the APEC International Center for Sustainable Tourism has initiated a study team of Malaysian government officials to visit Australia to examine practical implementation methodology for a national "Tourism Satellite Account (TSA)."

The **TPTWG** has promoted the development of knowledge-based economies through a number of projects and workshops: Mutual Recognition – Trial of a Competency-Based Model on Intermodal and Logistics Managers; Identification of Needed Intermodal Skills and Development of Required Training Programs Phase II – Status of Philippines Workshop; Electronic Freight Manifest (Air Cargo Supply Chain) and Information Highway; Secure Trade Project: Combined Phases 3-5.

During 2006, transportation has realized a considerable agenda, including knowledge and technological factors. **TPTWG** reported the realization of the Intelligent Transport Systems (ITS) workshops in Bali, Indonesia, and Manila, Philippines. These workshops are intended to raise awareness about the potential for universal design and improve accessible transport for people with disabilities and older adults.

TPTWG also highlighted the following activities: the World Report ITS Standards (WRITSS) Project: Phase II survey of the World Report of ITS Standards and the ISO TC204 Liaison Update; Short Sea Shipping (SSS) Study: A Report on Successful SSS Models that can improve ports' efficiency and security while reducing congestion, fuel costs and pollution. The **TPTWG** noted the report of the 8th and 9th meeting of the APEC Global Navigation Satellite System (GNSS) and Implementation Team, held in early April 2006 and the progress of GNSS Test Bed.

The **ECSG** Task Force has reported several initiatives related to the development of the e-procedures and applied technology in the field of commerce. A very relevant issue is represented by the realization of the

Individual Action Plan template for implementation of the APEC Privacy Framework. The IAP will improve transparency of the data protection of an economy, which in effect will enable other economies to be informed of the relevant stage an economy has reached. APEC member economies agreed to complete and submit the IAP this year. Another initiative is the creation of a study group to analyze and identify best practices and the role of trustmarks in promoting the cross-border flow of information and the *Initiative for APEC Women's Participation in the Digital Economy*. This last project aims to expand information and e-business opportunities for current and prospective women entrepreneurs.

The **HTF** addressed information technology through a project on e-health with the objective of examining the convergence of e-commerce and health promotion, as well as a project on "Enhanced APEC Health Communications," which aims to improve public health preparedness against emerging bio-threats, such as avian influenza, by enhancing participation in advanced network-supported activities in real-time communication to improve regional preparedness.

The APEC Education Foundation (www.apecef.org) continued to foster APEC cooperation in education, human resource development and capacity building through its grant programs. For 2006 the foundation approved a total of US\$900,000 in grants to six projects from five economies on enhancing the ICT capacity of disadvantaged youths. Since its inception, the foundation has provided financial support of US\$2,425,500 to 19 projects on enhancing digital opportunities and promoting capacity building for disadvantaged groups in the region.

3.4 ADDRESSING THE SOCIAL DIMENSION OF GLOBALISATION

The **HRDWG** continued its focus on this ECOTECH priority addressing the social

dimension of globalisation, the main scope of its activities goes through education, capacity building and promoting labour and social protection policies. The **HRDWG** projects and initiatives included:

HRDWG has implemented capacity building activities through projects related to education and training, among them: capacity building for the new international architecture in trade and investment, APEC Vocational Training Program, APEC Business Schools Network, Capacity Building for a recycling-based company and Enhance Risk Management System in the APEC region.

HRDWG activities have included the APEC Learning Community for Shared Prosperity (ALCom), APEC E-Language Research Consortium, EDNET (Education Network) website and Knowledge Bank, APEC e-Learning Training Program and the APEC Future Education Consortium.

The Working Group is committed to work with the **SSN-CBN** to strengthen social safety nets and workforce training programs. The work of Labor and Social Protection Network (LSPN) and **SSN-CBN** will be further considered in order to strengthen their relationship and align their joint activities.

Ministers also commended the work of EDNET on developing a Strategic Action Plan for English and Other Languages in the APEC Region, while noting that the scope of a comprehensive strategy extended beyond the mandate of the **HRDWG**. The **HRDWG's** EDNET is committed to address this task within its current scope and resources, as part of the formal schooling system in each member economy.

SMEWG reported the submission of four activities that will support this priority:

(1) "The Internship Support Systems for Learning Best Practices in the Development of Micro and Small Enterprises within APEC Economies." This system will be set up and made accessible via a specialized website,

so that people can find out about such practices, and those that are interested may reach bi- or multilateral agreements that allow internships which lead to a knowledge input for those best practices.

(2) The project "Studying Existent Financial and Policy Assistance for Micro-Enterprise Development from Regional and International Institutions to Find Out a Suitable Approach for APEC to Provide Supports for Micro Enterprises." The main objective of this project is to collate information about various forms of assistance and support provided in the APEC region and beyond to promote the development of micro-enterprises. The information will help APEC in deciding how it might assist micro-enterprise financing and/or other assistance such as policy and management, etc.

(3) Enhancing the Market Development of Local Cultural Industries in APEC. This project aims to help local cultural industries expand their markets into the international arena. It has three objectives: (1) enhancing the capacity of SMEs and micro-enterprises in local cultural industries to expand their markets and export their products; (2) building a platform for local cultural industries to demonstrate their products to all APEC economies and increase their business opportunities in foreign markets; and (3) strengthening cross-border cooperation in the APEC region to promote the development of overseas markets for local cultural industries and endorse best practices in market development.

(4) APEC SME Seminar on Support for Local and Cottage Industries. APEC's "One Village One Product" Seminar (submitted by Japan) aims to build up the capacity of governments and private sectors involved in the development of local and cottage industries by sharing experiences and know how, specifically knowledge of (i) conducting successful projects such as "One Village One Product"; (ii) improving the potential of regional resources, and (iii) helping the export of products of sufficient quality to the world market.

The TEL reported activities such as workshops on e-Inclusion for People with Disabilities; Broadband Access for Remote and Indigenous Communities, and several projects under the APEC Digital Opportunity Center (ADOC) initiative including the establishment of three digital opportunity centers in APEC economies; e-Care Centers, e-Schools, Tele-Centers and training to allow people from remote areas to get access to e-services.

The **TWG** reported two ongoing activities scheduled for completion this year, one project is in progress, as well as one future initiative related to this priority: Tourism Occupational Skills Standards (TOSS) in the APEC Region Stage IV; and *Best Practices in Sustainable Tourism Management Initiatives for APEC Economies* are scheduled for delivery this year. The Tourism Impediments Study Phase 3, as a 2006 project is well in progress. The **TWG** is also considering the *Develop APEC Sustainable Tourism Monitoring Initiative* proposed by New Zealand as a possible future TWG project proposal.

In response to the importance of disaster preparedness, the **TWG** developed and supported disaster preparedness initiatives in the region. As a result, the APEC International Center for Sustainable Tourism (AICST) is leading and managing an APEC regional project entitled "Risk Management and SME Training & Development Project for APEC Region." The project will update an AICST 2004 report called "Tourism Risk Management in the Asia Pacific Region—An Authoritative Guide to Managing Crises and Disasters" in the wake of the Indian Ocean tsunami and Hurricane Rita in the Gulf of Mexico. Three risk management training modules will be produced dealing with: An Introduction to Risk Management in Tourism; How to Develop a Risk Management Strategy for a Tourism Related SME; and How to Develop a Risk Management Strategy for a Tourism Destination." All of the material will be published in English, Chinese, Indonesian (Bahasa), Thai and

Vietnamese, and distributed freely to all APEC economies before the end of 2006.

AICST made a presentation to the OECD Conference on Global Tourism Growth in Korea in September 2005. The presentation was entitled "Total Tourism Management (TTM) – A Practical System for Managing Sustainable Tourism."

AICST is also leading and managing a project in Thailand to develop and implement a Tourism Risk Management Strategy for the Province of Phuket. This project resulted from request of the Thai Ministry of Tourism for assistance and guidance to improve the tourism industry's preparedness and capability to respond and recover from crises or disaster. The project will be completed by February 2007.

HUMAN SECURITY AND EMERGENCY PREPAREDNESS

As a response to the earthquake and seismic tidal waves in December 2004, and to enhance preparedness for future disasters of all kinds, Ministers endorsed the APEC Strategy on Response and Preparedness for Emergency and Natural Disasters and welcomed the establishment of the APEC Task Force on Emergency Preparedness (TFEP) to coordinate work in APEC, identify gaps in member economies and explore ways to enhance APEC's preparedness for disasters and emergencies of all kinds.

The 13th APEC Economic Leaders Meeting in 2005 in Korea endorsed the APEC Initiative on Preparing for and Mitigating an Influenza Pandemic, which commits our economies to effective surveillance, transparency and openness, and close domestic, regional and international coordination and collaboration.

The 2005 APEC Ministerial Meeting also called upon officials and instructed all APEC fora to explore new initiatives and to continue the development of appropriate measures to enhance disaster preparedness and response in the Asia-Pacific region.

The **TFEP** held its first meeting of the year on 26 May 2006 in the margins of SOM II. The meeting adopted the Workplan for 2006, agreed a way forward for the TFEP website strategy, encouraged the ongoing development of the APEC Register of Pandemic and Disaster Management Coordinators, endorsed planning for the APEC Pandemic Response Exercise 2006, considered reports by lead shepherd and chairs, including from ISTWG, TELWG, EWG, the United States and the Philippines on work taken in relation to areas identified in the TFEP Stocktake, and discussed ways to encourage further coordination with ABAC.

The Australia-led APEC Pandemic Response Exercise 2006 was conducted on 7-8 June 2006. Singapore co-sponsored. All 21 APEC member economies participated. A follow up workshop was held in Singapore on 14-15 August. Participants endorsed the outcomes report and recommendations, for consideration at the TFEP meeting in Da Nang in September. The report was subsequently endorsed by the TFEP and Senior Officials at SOM III.

The exercise, directed by leaders in Busan, Korea, was a significant achievement and showed that APEC has the potential to bring together the combined resources of its members to help prepare the region to respond effectively to a pandemic. This was the first time that APEC economies came together for a live exercise to test regional readiness in the event of a pandemic outbreak. It was welcomed by members as a valuable initiative in APEC's fight against avian influenza and a clear sign that APEC economies are taking concrete steps to be prepared. Outcomes will be submitted to Leaders in November 2007.

The **TFEP** met in the margins of SOM III, in Da Nang in September to endorse the report from the APEC Pandemic Response Exercise 2006, to consider project proposals going forward to the BMCII, finalize the website strategy and give consideration to future directions, with the task force's mandate due

to expire in March 2007. The meeting also agreed to revisit the TFEP Stocktake to ensure that it remains relevant and to highlight areas for further work and coordination within APEC, as well as with other organizations. A key focus will be ensuring that APEC adds value to but does not duplicate the work done by other emergency agencies.

The **EWG** under the Energy Security Initiative has undertaken the following activities in support of counter-terrorism measures: The EWG progressed the Real Time Emergency Information Sharing (RTEIS) System Operational Manual, designed to assist member economies to understand and use the system. RTEIS was used during the emergency period caused by hurricanes Katrina and Rita in the U.S. A number of test trials are being conducted throughout 2006.

The **EWG** is undertaking a stocktake of energy infrastructure recovery strategies, as a contribution to the Task Force for Emergency Preparedness.

The TEL Program of Action, implemented by TEL, includes work on Communication Networks for Disaster Mitigation and Relief Operation. TEL is developing the *APEC Strategy and Guide for Establishing the Disaster Warning System Utilizing ICTs*.

The **HTF** worked toward the compliance of the APEC ECOTECH Priorities, through improved implementation and outreach to the broader community, regularly inviting representatives from other APEC fora, from international health-related institutions (WHO, UNAIDS, FAO/OIE, UN System Influenza Coordination) to attend HTF-related meetings to ensure that HTF activities were innovative and strategic.

The **HTF** approved three priority areas for its 2006–2007 workplan. They are: (1) enhancing avian and human pandemic influenza preparedness and response; (2) fighting against HIV/AIDS in the APEC region; and (3) improving health outcomes

through advances in health information technology.

Under the first priority area, the HTF has made significant progress in 2006 in meeting the commitments under the APEC Leaders' Initiative on Preparing for and Mitigating an Influenza Pandemic. Initiatives that have been implemented include:

- APEC Symposium on Emerging Infectious Diseases, 4–5 April 2006
- APEC Ministerial Meeting on Avian and Influenza Pandemics, 4–5 May 2006
- Pandemic Preparedness Communications Workshop, 2–3 May 2006
- Creation of a List of Experts for Rapid Response, early 2006
- The holding of a Desktop Simulation Exercise, 7–8 June 2006
- An APEC Pandemic Response Exercise Workshop, 14–15 August 2006
- A Seminar on Assessing Pandemic Preparedness Plans, 16–17 August 2006
- A Symposium on Functioning Economies in Times of Pandemic, 10–11 September 2006
- An APEC Capacity Building Seminar on Avian Influenza and a Dialogue on Indemnity, 12–13 September 2006
- Enhanced APEC Health Communications: Collaborative Preparedness in the Asia Pacific Region, December 2006

Of particular note, the APEC Ministers of Health and Agriculture, or their representatives, adopted the *APEC Action Plan on the Prevention and Response to Avian and Influenza Pandemics* at the Ministerial Meeting in May 2006. The HTF was tasked with reporting to SOM in 2007 on progress achieved in the five key areas of the Action Plan.

Under the second priority area, “Fighting against HIV/AIDS in APEC,” the HTF released an APEC statement in conjunction with the XVI International AIDS Conference, August 13–18, 2006. The HTF also agreed to develop key guidelines to improve the management of HIV/AIDS in the workplace by December 2006. This work responds to the 2004 Leaders' initiative on “Fighting against AIDS in APEC.”

4. KEY OUTCOMES

4.1 APEC'S CROSS-SECTORAL APPROACHES

(i) Sustainable Development in APEC

Sustainable Development has been an ECOTECH priority since 1996 and in 2004 was revitalized under the former ESC, SOM Committee on ECOTECH. In 2006, Viet Nam identified sustainable development as one of its priorities for the year: *Toward a Dynamic Community for Sustainable Development and Prosperity*.

In July 2006, Chile hosted a High Level Meeting on Sustainable Development, which considered the economic, social and environmental dimensions of Sustainable Development and was attended by 17 economies, the APEC Secretariat, the UN Commission for Sustainable Development (UN-CSD), UNEP and ECLAC.

After a decade of APEC work on sustainable development, this High Level Meeting aimed to give an APEC-oriented follow-up to issues on the agenda for the current biannual cycle of the Commission for Sustainable Development (CSD), which met at UN Headquarters from 1–12 May, 2006. The agenda of this meeting focused on the 14th session of the CSD, namely on industrial development and energy for sustainable development; as well as on an historical analysis of APEC activities in sustainable development.

In conclusion the meeting noted that:

1. APEC's considerable and diverse work on sustainable development, involving more than 200 projects from several sectoral subfora, is an important contribution to the region.
2. The priorities of APEC's work on sustainable development, embodied in the Manila Declaration (1996), have provided orientation to the fora's and subforas'

activities during the last decade, among others: promotion of public-private partnership, local empowerment, innovative approaches to sustainable cities and urban management, clean technology production and a sustainable marine environment. APEC's approach to sustainable development is cross-sectoral, and it is the responsibility of each Working Group to consider how to best integrate the issue into its work.

3. We commend the efforts of APEC fora in the areas under review by the 14th session of the CSD, Energy Use and Industrial Development, while acknowledging that progress has been slow and uneven.

4. There is a need to ensure that other relevant multilateral fora are better informed of the outcomes of APEC's projects that contribute to sustainable development.

5. There is a need for greater continuity in APEC's workshops, research and other initiatives on sustainable development.

6. Civil society plays a valuable role with respect to the promotion of sustainable development. There is scope to further develop the participation of civil society in APEC's work on sustainable development.

7. Education has a considerable role as an important means to achieving sustainable development progress.

The following recommendations were noted at SCE III:

1. To encourage APEC Working Groups to coordinate their work on Sustainable Development through the exchange of information, including in the Committee of the Whole (COW) of the SCE, using existing mechanisms such as Senior Officials Meetings.

2. To encourage ongoing cooperation on sustainable development between and among APEC economies, including public-private partnership, with special emphasis in capacity building and best practices.

3. To encourage APEC economies, where possible, to seek out methodologies for measuring the cross-sectoral nature of sustainable development, in order to apply the metrics to measure progress made toward the goal of sustainable development, and to encourage capacity building to this end.

4. To improve the exchange of information between APEC and other international organizations, such as UN-CSD, WTO, OECD and the World Bank.

5. Specifically, APEC member economies should be encouraged to continue to submit to the CSD their best practices, lessons learned and successful energy programs for inclusion into the CSD Matrix. APEC fora are encouraged to submit to the APEC Secretariat their work on these issues. The APEC Secretariat should submit to CSD Secretariat the APEC regional best practices, lessons learned and successful energy programs for inclusion in the CSD Matrix.

6. APEC member economies are encouraged to review the CSD Matrix with their development and energy experts and provide to the CSD Secretariat recommendations on how the CSD Matrix can be made more user friendly in order to facilitate the widespread adoption of best practices on energy services for sustainable development.

7. To ask SOMs to consider civil society participation and dialogue in the future work on sustainable development, in accordance with the APEC Guidelines on Non-Members Participation.

(ii) Invasive Alien Species (IAS) in APEC

Invasive alien species (IAS) annually cause billions of dollars in damage across a wide range of sectors, including agriculture,

fisheries, forestry, ecosystem services, human health and tourism, threatening economic growth and prosperity as well as the environment. International trade can serve as a pathway for movement of IAS. As opportunities for trade have increased, so has the spread of IAS.

APEC economies, with increasing volumes of exchange, only stand to benefit from greater regional cooperation in addressing more effectively this serious transboundary problem and thus protect their economic enterprises and the natural resources on which they depend.

As part of the activities of the **ATCWG**, an APEC Forum on Invasive Species was held in Beijing from 18-22 September 2005 and a Workshop on Building Biosecurity Planning and Surveillance Capacity to contain the cross-border movement of pests and reduce the economic impacts of incursions and outbreaks of exotic pests was held in Kuala Lumpur from 15-20 August, 2005.

The **FWG** has previously worked on IAS, in particular on Introduced Marine Pests. It is expected that based on the Bali Plan of Action section on Marine Invasive Species, more collaborative work on this will be done in the future.

The **MRCWG** is one of the main actors in the area of Invasive Alien Species. For the year under review (2005), the MRCWG members actively participated in drafting language in the Bali Plan of Action which dealt specifically with Marine Invasive Species.

MRCWG representatives also attended the U.S. and China sponsored APEC Invasive Alien Species Workshop in Beijing from 19–22 September 2005. An APEC Strategy on Invasive Alien Species was drawn up as a result of this workshop.

During the 19th MRCWG Meeting, a project proposal on Monitoring Sediment and Ballast Water of Ships and initial risk assessment for Invasive Alien Species was put forward by Peru.

(iii) Private Sector Development

As announced in November 2005, and welcomed by Ministers and Leaders in Busan, New Zealand and Canada hosted a Symposium in Montreal in May on Private Sector Development/Ease of Doing Business, which aimed at charting a future course of action for APEC work in that area. In June, the meeting and its outcomes were welcomed by APEC Ministers Responsible for Trade, who requested officials to draw up an APEC workplan on private sector development.

New Zealand and Canada presented a report on the outcomes of the Montreal symposium to the SOM Steering Group on ECOTECH in Da Nang in September, and received endorsement for the “APEC Workplan on Private Sector Development” under the management of the SME Working Group. The centerpiece of this workplan is a series of capacity-building workshops to be hosted by the APEC host economy each year from 2007–2010. The themes of these workshops have been identified based on the results of the Montreal Symposium and on the World Bank reports on Doing Business. The first workshop on “starting a business” will be hosted by Australia on the margins of the SME Working Group and Ministerial meetings in Hobart next March. The themes for the following two workshops are “obtaining business licenses” and “access to capital.” The fourth theme will be selected in collaboration with Japan and in consideration of progress made. The workplan also calls for the involvement of other relevant APEC fora in integrating private sector development issues in APEC work.

4.2 KEY ACHIEVEMENTS OF SCE FORA

SCE Fora: Selected Key Deliverables in 2006

<p>Agricultural and Technical Cooperation Working Group (ATCWG)</p> <p>Building Capacity in APEC Economies in Agricultural Biotechnology on Emerging Research, Extension and Development Issues.</p> <p>Capacity building for implementation of management systems for food safety and quality control of agricultural products in Viet Nam and other APEC economies.</p> <p>APEC Trade capacity building for the application of Sanitary and Phytosanitary measures.</p>
<p>Energy Working Group (EWG)</p> <p>2nd APEC Gas Forum (APGAS), 31 August - 1 September.</p> <p>APERC Workshop - Russian Federation, 2 October.</p> <p>EWG Business Network - Russian Federation, 3 October.</p>
<p>Fisheries Working Group (FWG)</p> <p>The FWG expects to have its 2007 project proposals approved by BMC 2 in October. Ongoing 2004–2006 projects should be implemented and completed as well.</p>
<p>Human Resource Development Working Group (HRDWG)</p> <p>The HRDWG is expected to complete its internal review.</p> <p>Ongoing activities: APEC Learning Community for Shared Prosperity; APEC Education Hubs; EDNET Knowledge Bank; APEC e-Learning Training Program; Higher Quality Assurance and Accreditation Systems in the APEC Region; Workforce Retraining Through Digital English Instruction Media for SMEs; APEC Business School Networks and the APEC Future Education Consortium.</p>
<p>Industrial Science and Technology Working Group (ISTWG)</p> <p>Implementation of projects for following-up on the 4th S&T Ministerial Meeting. Impact of Science Centers and Museums; Participation of Women and Ethnic Communities. Science-Industry Linkages Symposium; new Facilitator and Mandate for the Sustainable Development Task Force.</p>
<p>Marine Resource Conservation Working Group (MRCWG)</p> <p>The MRCWG expects to have its 2007 project proposals approved by BMC 2 in October. Ongoing 2004-2006 projects should be implemented and completed as well.</p>

Small to Medium Enterprise Working Group (SMEWG)

The Hanoi Declaration on Strengthening SME Competitiveness for Trade and Investment.

The implementation of the Daegu Initiative on SME Innovation Action Plan.

APEC SME Initiative on Preparing and Mitigating an Influenza.

APEC SME Intellectual Property Rights Initiative.

The APEC – OECD joint study/high-level meeting on removing barriers to SME Access to International Markets.

The Independent Assessment.

Telecommunications Working Group (TEL)

The report *Enhancing the ICT Regulatory Environment and Digital Capabilities of APEC economies*, prepared by TEL in collaboration with other relevant APEC fora.

A new structure for this Working Group to better respond to new challenges on ICT issues in the APEC region.

Internal Guidelines for New Project Proposals and Workshops to respond to the need to direct limited TEL resources wisely and to have consistent, formal and efficient internal procedures.

Substantive Progress on its Program of Action through the implementation of several projects, workshops, seminars, training courses, roundtables and dialogues to respond to APEC Leaders and Ministers and TELMIN priorities, such as: WTO Domestic Regulation; e-Inclusion for People with Disabilities; Spam and Related Threats; Broadband Access for Remote and Indigenous Communities; Asia Pacific Information Society Vision; M-Opportunity for All and Telematics.

Working Group on Trade Promotion (WGTP)

Integrated Trade Services Models: Best Practices in eTrade Finance.

APEC Brand Marketing Seminar (Self-funding).

Forum on International Trade in Professional Services in APEC Economies.

The Electronic and Information Technology Survey in APEC Economies.

Transportation Working Group (TPTWG)

Completion of the project “Progress on Liberalisation of Air Services Arrangements in the APEC Region, 1995-2005.”

Completion of combined Phases 3-5 of the “Secure Trade in the APEC Region” project.

Tourism Working Group (TWG)

Outcomes of the 4th Tourism Ministerial Meeting to be held in Hoi An, Viet Nam on 16–17 October 2006, on the **2006 APEC Priority on the Promotion of Tourism Exchange** as a deliverable for the 18th APEC Ministerial Meeting and 14th APEC Economic Leaders' Meeting to be hosted by Viet Nam this year.

Independent Assessment the APEC TWG undertaken by the SCE which includes a strategic review of the 2000 APEC Tourism Charter.

APEC Tourism Occupational Skills Standards Stage (TOSS) stage 4

Best Practices in Sustainable Tourism Management Initiatives for APEC Economies

An Update to AICST's 2004 report "Tourism Risk Management in the Asia Pacific Region – An Authoritative Guide to Managing Crises and Disasters." Three risk management training modules will also be produced dealing with: An Introduction to Risk Management in Tourism; How to Develop a Risk Management Strategy for a Tourism Related SME; and How to Develop A Risk Management Strategy for a Tourism Destination."

Anti-Corruption Taskforce (ACT)

- ACT workshop on Anti-Corruption Measures for SME Development.
- ACT workshop on Denying Safe Haven, Recovery of Embezzled Assets.
- ACT symposium on Corporate Governance.
- ACT workshop on Anti-corruption and Transparency in Business Transactions.

Cultural Focal Point Network (CFPN)

- Second APEC Film Festival, to be hosted by Viet Nam in Hanoi, Danang and Ho Chi Minh City, from 6–12 October 2006.
- Inaugural APEC Photographic Exhibition, October.

Counter-Terrorism Taskforce (CTTF)

- APEC Review on Counter-Terrorism.
- Counter-Terrorism financing workshops for Financial Intelligence Unit (FIU) officials.
- Workshops on food defense.
- STAR IV Conference.
- APEC symposium on Total Supply Chain Security.
- Counter-Terrorism Action Plans updates.

Electronic Commerce Steering Group (ECSG)

APEC member economies completion and submission of Information Privacy IAP and Paperless Trading IAP.

Outcomes of the APEC Symposium on Information Privacy Protection in E-Government and E-Commerce; the 2nd Public Private Partnership Dialogue on Paperless Trade; 2nd APEC E-Commerce Business Alliance Forum; and the Paperless Business Transactions – Matching Benefits of Public and Private Sectors.

Concept paper regarding the new private sector-led initiative to develop work on ICT-enabled growth.

2006 Stocktake of Electronic Commerce Activities in APEC.

Gender Focal Point Network (GFPN)

Gender Analysis Training workshop.

Promotion of good practices in gender integration among fora.

Proposal of organizing a 3rd APEC Ministerial Meeting on Women.

Health Taskforce (HTF)

APEC Symposium on Emerging Infectious Diseases.

APEC Ministerial Meeting on Avian and Influenza Pandemics.

Pandemic Preparedness Communications workshop.

Seminar on Assessing Pandemic Preparedness Plans.

Symposium on Functioning Economies in Times of Pandemic.

APEC Capacity Building Seminar on Avian Influenza.

APEC statement in conjunction with the XVI International AIDS Conference, 13–18 August 2006.

e-Health Initiative Project.

Enhanced APEC Health Communications: Collaborative Preparedness in Asia Pacific Region, December 2006.

Social Safety Net Capacity Building Network

- No meetings in 2006.

Taskforce on Emergency Preparedness (TFEP)

- In response to APEC Leaders' direction, TFEP conducted a desk-top pandemic response simulation exercise on June 7-8, 2006.
- APEC Register of Disaster and Pandemic Management Coordinators has been completed and will be delivered to ALEM and AMM.
- Outcomes report of the simulation exercise.

4.3 STRENGTHENING IMPLEMENTATION OF APEC'S ECOTECH ACTIVITIES

(i) Independent Assessment of the APEC Working Groups

The SCE undertook two independent assessments in 2006 of the Tourism Working Group (TWG) and the Small to Medium Enterprise Working Group (SMEWG).

Small and medium enterprises (SMEs) and micro-enterprises (MEs) are an APEC priority because of their economic and social significance in the Asia-Pacific region. Data from 2000 indicated that there were approximately 49 million recognized non-agricultural SMEs and MEs in the APEC region. Since then, the number may have significantly increased.

The draft SMEWG report was presented for consideration and feedback at the 22nd SMEWG meeting in Beijing in March 2006. The final report was endorsed by SCEIII and noted by the 23rd SMEWG meeting in Viet Nam in late September 2006.

The report recommendations include projects, meetings and the length of time of the Chair. The report also suggests revisions to the SMEWG Terms of Reference, it has developed an indicative format of a four-year strategic plan and statement of principles, as well as an indicative format for a two-year workplan.

The TWG Independent Assessment was also conducted in 2006. A survey was circulated to members and a draft report prepared. The TWG will be discussing the draft report at its 29th meeting in Hoi An in October, back-to-back with the 4th Tourism Ministerial.

(ii) APEC Support Fund

In November 2004, Ministers endorsed the proposed APEC Support Fund (ASF) and welcomed the offer of Australia to contribute A\$3 million to the fund over the coming three years. The wording used was: *"Ministers noted that APEC's growing work program is*

generating greater demand on its capacity-building resources. Accordingly, they instructed officials to consider ways to broaden APEC's funding base, and endorsed the establishment of an APEC Support Fund ("the ASF"), which could attract funds from government as well as non-government sources."

A paper outlining the ASF guidelines (2005/BMCI/010 and 2005/SOMII/033 Att4) was subsequently approved by Senior Officials during SOM II in Jeju, Korea in May 2005.

The APEC Secretariat signed a memorandum of understanding (MOU) with Australia in June 2005. In December 2005, Australia also announced a A\$4 million contribution to the APEC Support Fund to help developing APEC economies bolster their defenses against emerging and infectious diseases such as avian influenza.

Further to the January 2006 announcement of US\$500,000 to promote cooperation on emergency and disaster preparedness and response, Chinese Taipei announced it would contribute another US\$500,000 (US\$1 million in total) for human security initiatives. The APEC Secretariat signed a MOU with Chinese Taipei in May 2006.

In response to the greater demand for APEC's capacity-building resources due to its growing work program, Korea announced it would contribute US\$2 million from 2007 to 2009 to the ASF at the sidelines of the 13th APEC Economic Leaders' Meeting (AELM) in Busan in 2005.

In 2006, the ASF funded 13 ECOTECH capacity-building projects in areas ranging from Emerging Infectious Diseases, Avian Influenza, Marine Conservation, Agriculture and Human Resource Development.

(iii) Evaluation Frameworks for APEC Projects

At the 15th APEC Ministerial Meeting in 2003, APEC Ministers instructed officials to:

“Significantly strengthen the coordination of APEC activities, in particular APEC projects, so as to avoid duplication and maximize APEC value, goodwill and benefit to stakeholders. They welcomed the development of a project evaluation framework, which should be integrated into the APEC project framework in time for 2005 projects, and looked forward to continued progress in assessing APEC’s ECOTECH activities.”

Subsequently, through the ESC Small Group on Evaluation (ESC-SGE), Australia funded the development of assessment, monitoring and evaluation frameworks with a view to promoting quality assurance within APEC projects. The first phase of the frameworks, the Quality Assessment Framework, was trialed and endorsed by Ministers in 2004.

The Quality Assessment Framework was implemented for all Operational Account and APEC Support Fund projects in 2005. Phase 2, including two further frameworks, the monitoring framework for a health check for ongoing projects and the framework for the evaluation of completed projects, were trialed and endorsed in 2005.

At the 17th APEC Ministerial Meeting in Busan in 2005:

Ministers recognized that a complete quality assurance process, from the initial project proposal to the implementation and evaluation stage, was key to enhancing the successful implementation of ECOTECH activities, and had the potential to attract external resources from IFIs as well as the private sector. Ministers welcomed the addition of the Monitoring and Evaluation Framework, as contained in the 2005 Senior Officials Report on Economic and Technical Cooperation, as an important tool to

significantly improve the quality of APEC’s ECOTECH projects.

Following on from the successful implementation of the Quality Assessment Framework in 2005, the Monitoring and Evaluation Frameworks have been implemented for all Operational Account and APEC Support Fund projects in 2006.

**ANNEXES (Please replace this page with your divider stating
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ANNEX 1

**SOM STEERING COMMITTEE ON
ECONOMIC AND TECHNICAL COOPERATION (SCE)
TERMS OF REFERENCE**

SOM STEERING COMMITTEE ON ECONOMIC AND TECHNICAL COOPERATION (SCE) TERMS OF REFERENCE

Introduction

In 1996, Ministers adopted the Framework for Strengthening Economic Cooperation and Development to further strengthen economic and technical cooperation (ECOTECH) in APEC. To effectively implement the ECOTECH agenda, the SOM Sub-Committee for Economic and Technical Cooperation (ESC) was established in 1998. This was later elevated to the SOM Committee on Economic and Technical Cooperation in 2002. As part of the reform process, with effect from 2006 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.

Objectives

- To strengthen implementation of the APEC's ECOTECH activities by prioritising in accordance with Leaders and Ministers commitments, coordinating and providing oversight of the work of APEC fora.
- To provide policy guidance on ways to contribute to APEC's ECOTECH goals
- To coordinate ECOTECH objectives and priorities between the APEC Economic Leaders Meeting and Ministerial Meetings.

Membership

All Senior Officials of APEC economies

- A core group of 11 Senior Officials, including the SCE Chair will be nominated by the SOM Chair at CSOM to assist the SCE Chair the following year.
- Chairs/Lead Shepherds of relevant APEC fora will be invited to participate in the first SCE meeting of the year at SOM I as the Meeting of the ECOTECH Committee of the Whole (SCE-COW).

Internal organization arrangements

- The operation and effectiveness of the SCE will be reviewed periodically and no less than every two years.
- SCE will report directly to the SOM
- Chair to be the incoming Senior Official of the host economy
- The core group will include Senior Officials of the previous (the immediate past) and current host economies
- Core group membership will be for a one-year term
- SCE will be assisted by the APEC Secretariat

Meeting arrangements

- SCE will meet three times a year in the margins of SOM. At SOM I it will be convened as the SCE-COW and include Chairs/Lead Shepherds of relevant APEC fora
- SCE will convene as close as possible to SOM meetings.

Work mandate

The SCE will coordinate action-oriented and integrated strategies in accordance with Leaders and Ministers commitments and the 1996 APEC Framework for Strengthening Economic Cooperation and Development and 2003 ECOTECH priorities. It will:

- Provide policy recommendations on APEC ECOTECH-related issues to SOM
- Develop a short term plan and priorities to best implement the APEC's ECOTECH activities for the coming APEC year.
- Coordinate and supervise ECOTECH-related Working Groups and SOM Special Task Groups and provide policy guidance to these groups on the ECOTECH agenda
- Assess and direct realignment of individual work plans of Working Groups and SOM Special Task Groups with the SCE's medium and long term work plans; to this purpose, all Working Groups and SOM Special Task Groups should submit their annual work plans to the SCE four weeks prior to SOMI for consideration at the SCE-COW
- Approve and rank (in terms of relevance to policy priorities), all ECOTECH related project proposals ahead of presentation to the Budget Management Committee (BMC)
- Evaluate the progress of Working Groups and SOM Special Task Groups in implementing and achieving APEC's ECOTECH priorities.
- Compile progress and evaluation reports of Working Groups and SOM Special Task Groups for review and report to SOM
- Review the role and operation of working groups, Taskforces and Networks, with a view to making recommendations to the SOM on establishing, merging, disbanding or reorienting these bodies.
- Review the 1996 Framework for Strengthening Economic Cooperation and Development and the four APEC-wide ECOTECH priorities identified in 2003 and make recommendations to SOM.
- Encourage active participation of International Financial Institutions (IFIs), relevant international organisations, the private sector and other relevant stakeholders such as ABAC in the capacity building activities of economic and technical cooperation through the creation of linkages.

ANNEX 2

**SOM STEERING COMMITTEE ON ECOTECH
2006 WORK PROGRAM**

SOM STEERING COMMITTEE ON ECOTECH 2006 WORK PROGRAM

The SOM Steering Committee on ECOTECH (SCE) will strengthen implementation of the APEC's ECOTECH activities by prioritising in accordance with Leaders and Ministers commitments, coordinating and providing oversight of the work of APEC fora and provide policy guidance on ways to contribute to APEC's ECOTECH goals and objectives.

In 2006, the SCE will adopt a more strategic approach to capacity building and be guided in its work by the following priorities and work program:

1. Strengthening ECOTECH, through the improved implementation of activities, ongoing reform and outreach to the broader community

- Review the role and operation of working groups, Taskforces and Networks, with a view to making recommendations to the SOM on establishing, merging, disbanding or reorienting these bodies.
- Encourage the continuation of independent assessments and internal reviews of Working Groups, Taskforces and Networks.
- Launch a review of the implementation of the 1996 Manila Declaration, the ECOTECH provisions of 1995 OAA and the ECOTECH wide priorities, stocktaking progress we have made towards the goals and priorities set in those documents and make an interim report, with recommendations for improving the future ECOTECH activities.
- Identify policy criteria as a guideline for the evaluation and ranking of all ECOTECH related project proposals ahead of presentation to the Budget Management Committee (BMC).
- Improve the quality of APEC's ECOTECH projects through effective implementation of the Quality Assessment, Monitoring and Evaluation Framework.
- Undertake outreach to the broader community including:
 - 2005 SOM Report on Economic and Technical Cooperation.
 - Publicizing key outcomes of ECOTECH activities.
 - Collaboration with the ABAC's Capacity Building Working Group.
- Implement a program for collaboration with International Financial Institutions (IFIs), drawing on the recommendations of the second APEC/IFIs Policy Dialogue and encourage linkage between IFIs and APEC to facilitate identified capacity building needs of member economies.

2. Bridging the development gap by promoting sustainable development, SME competitiveness, human resource development, knowledge based and information technology and private sector development

- Coordinate and supervise all ECOTECH-related Working Groups and SOM Special Task Groups and provide policy guidance to these groups on the ECOTECH agenda particularly for capacity building in areas including sustainable development, human resource development, SMEs, knowledge and information technology and private sector development.

- Coordinate and oversee activities related to Sustainable Development in working groups, committees, taskforces and networks with focus on raising awareness of environmental protection, and linkage between structural reform and sustainable development;
- Coordinate and monitor the implementation of the Invasive Alien Species Strategy;
- Accelerate capacity building initiatives related to the implementation of recommendations from SMEs Ministerial Meeting on Enhancing competitiveness for SMEs and the Daegu Innovation Initiative for SMEs
- Work with the HRDWG to help coordinate the Strategic Action Plan on English and other Languages, and other initiatives related to the innovative use of new communication technology.

3. Enhancing Human Security

- Coordinate and supervise all ECOTECH-related Working Groups and SOM Special Task Groups and provide policy guidance to these groups on the ECOTECH agenda particularly for capacity building in areas including counter-terrorism capacity building, health and energy security and emergency preparedness.

SCE-IFIS COLLABORATION 2006 IMPLEMENTING THE WAY FORWARD

The Second Policy Dialogue between APEC, IFIs and the OECD was held in Gyeongju in September 2005. The dialogue made recommendations on 'The Way Forward' for collaboration with the IFIs and other international organisations. At Busan, 1 November 2005, Ministers noted the recommendations and agreed that the Financial Ministers' Process should be closely consulted in any future dialogues.

'The Way Forward' identified several strategies for greater collaboration. These are listed below. Many of the approaches to implement the strategies are underway, but would benefit from further development through APEC processes.

1. *Invite the IFIs, other international organizations, relevant APEC fora, ABAC and FMP to participate in SCE policy dialogues:*

Identify policy discussions fora for participation/collaboration, such as the Private Sector Development Symposium, the Sustainable Development Symposium and the research and discussion on bridging the gap and uneven development.

Encourage participation in the informal Committee of the Whole meeting proposed for early 2007 and invite participation in the 2007 SCE-COW meeting, which will consider the work plans of working groups and task forces.

SCE Chair to write to Lead Shepherds and Chairs to encourage greater participation in relevant Fora meetings, particularly SMEs and HRD.

2. *Improve the exchange of information by sharing the SCE 2006 work plan with the IFIs and the OECD to help identify areas of possible cooperation.*

3. *Participate, as invited in IFI and other international organizations events.*

Upon receipt of invitations, encourage APEC representation (SMEWG) at OECD conferences on SMEs – in the last quarter of 2006 in Greece.

The SCE Chair to initiate discussions with the FMP chair, the CTI Chair, Economic Committee Chair and the APEC Secretariat to consider how APEC could capitalize on the World Bank Annual meetings in Singapore in 2006 (as invited by the World Bank), such as through the hosting of symposia or seminars or an 'APEC (Secretariat) Open house'.

4. *Invite all APEC working groups and SOM Task forces to identify liaison members to handle outreach with IFIs and other international organisations.*

The APEC Secretariat IFI coordinator will assist to facilitate these liaisons. Please submit details of liaison members to Michelle Lowe ml@apec.org by 20 June 2006.

5. *Encourage participation and collaboration in projects in 2006.*

The SCE will continue to encourage participation and collaboration in projects in 2006. The Secretariat will liaise with the IFIs and the OECD to finalise their consideration on 19 APEC

projects approved for 2006 implementation that may incorporate participation by IFIs or other international organizations (as identified in 2005/SOM3/IFI/006).

6. APEC will continue to collaborate with the GDLN in 2006. The Secretariat will work with groups to identify possible projects that could benefit from the use of GDLN.

The Secretariat will work with groups to identify possible projects that could benefit from the use of GDLN.

7. SCE to continue to update the Finance Ministers process on areas of collaboration.

8. SCE Chair to provide key points of contacts for IFIs and international organisations to other working groups and lead shepherds.

The Secretariat to compile a list of key contact points for distribution to working groups and lead shepherds by 30 June 2006. The Secretariat to continue to work with relevant contacts in IFIs and international organisations to identify further measures for implementing *The Way Forward*.

**SOM STEERING COMMITTEE ON ECOTECH
2006 WORK PROGRAM REPORT**

Task	Actions	Outcome	Status
Strengthening ECOTECH, through the improved implementation of activities, ongoing reform and outreach to the broader community.			
<i>Review the role and operation of working groups, Taskforces and Networks, with a view to making recommendations to the SOM on establishing, merging, disbanding or reorienting these bodies.</i>	Background information and member feedback collated to develop a discussion paper that was discussed at SCEII and III.	Recommendations will be developed following further discussions with APEC Fora and SOM.	Ongoing
<i>Encourage the continuation of independent assessments and internal reviews of Working Groups, Taskforces and Networks.</i>	Two independent assessments are ongoing in 2006 (SME and TWG). Volunteers for future assessments have been encouraged.	The SMEWG assessment was tabled at SCEIII. The TWG assessment is expected to be distributed intersessionally when completed.	Ongoing
<i>Launch a review of the implementation of the 1996 Manila Declaration, the ECOTECH provisions of 1995 OAA and the ECOTECH wide priorities, stocktaking progress we have made towards the goals and priorities set in those documents and make an interim report, with recommendations for improving the future ECOTECH activities.</i>	The Secretariat conducted a survey of member views and prepared a review paper.	The Review paper was tabled at SCEIII.	Completed (pending SCE3)
<i>Identify policy criteria as a guideline for the evaluation and ranking of all ECOTECH related project proposals ahead of presentation to the Budget Management Committee (BMC).</i>	The SCE developed and endorsed policy criteria.	Final policy criteria were submitted to the Secretariat and distributed to Fora on 14 August.	Completed
<i>Improve the quality of APEC's ECOTECH projects through effective implementation of the Quality Assessment, Monitoring and Evaluation Framework.</i>	The secretariat continues to monitor the implementation of the Frameworks.	The AME Frameworks are currently being implemented.	Ongoing
<i>Undertake outreach to the broader community including: - 2006 SOM Report on Economic and Technical Cooperation.</i>	- Work is underway to complete the 2006 SOM Report on ECOTECH by CSOM.	2006 SOM Report on ECOTECH will be submitted to Ministers in November 2006.	Ongoing

Task	Actions	Outcome	Status
<p>- Publicizing key outcomes of ECOTECH activities.</p> <p>- Collaboration with the ABAC's Capacity Building Working Group.</p>	<p>- Media releases on key ECOTECH activities are distributed by the Secretariat.</p> <p>- ABAC participated in SCEI and II.</p>		
<p>Implement a program for collaboration with International Financial Institutions (IFIs), drawing on the recommendations of the second APEC/IFIs Policy Dialogue and encourage linkage between IFIs and APEC to facilitate identified capacity building needs of member economies.</p>	<p>The secretariat is collating contact points for all Fora to provide to the IFIs.</p> <p>IFIs continue to participate in several Fora activities, including the SMEWG. Discussions have been held with the GDLN concerning potential collaborative activities.</p>	<p>Fora contact points expected to be finalized by October.</p>	Ongoing
Bridging the development gap by promoting sustainable development, SME competitiveness, human resource development, knowledge based and information technology and private sector development.			
<p>Coordinate and supervise all ECOTECH-related Working Groups and SOM Special Task Groups and provide policy guidance to these groups on the ECOTECH agenda particularly for capacity building in areas including sustainable development, human resource development, SMEs, knowledge and information technology and private sector development.</p>	<p>The SCE held the COW meeting at SCEI.</p> <p>The SCE has provided policy guidance to For a regarding projects for 2007.</p> <p>The SCE has streamlined reporting for all SCE Fora and incorporate SOM Taskforces into the SCE For a Report.</p>	<p>The SCE Fora Report was submitted to SCEIII.</p> <p>Further streamlining of processes is required so that SOM Taskforces do not duplicate by reporting to SOM as well (unless requested).</p> <p>A process will need to be established for SOM taskforce projects to be endorsed by the SCE rather than SOM.</p>	Ongoing
<p>Coordinate and oversee activities related to Sustainable Development in working groups, committees, taskforces and networks with focus on raising awareness of environmental protection, and linkage between structural reform and sustainable development;</p>	<p>Information on sustainable development was collected in the SCE fora report.</p> <p>Chile held a high level meeting on Sustainable Development in July 2006.</p>	<p>The SCE Fora Report was submitted to SCEIII.</p> <p>Key recommendations on sustainable development were endorsed at SCEIII.</p>	Ongoing
<p>Coordinate and monitor the implementation of the Invasive</p>	<p>Information on Invasive Alien Species was</p>	<p>The SCE Fora Report was submitted to SCEIII.</p>	Ongoing

Task	Actions	Outcome	Status
<i>Alien Species Strategy;</i>	collected in the SCE fora report.		
<i>Accelerate capacity building initiatives related to the implementation of recommendations from SMEs Ministerial Meeting on Enhancing competitiveness for SMEs and the Daegu Innovation Initiative for SMEs</i>	SMEs were identified as a key priority in the development of policy criteria ensuring that projects with SME focus would be given higher priority.	2007 Projects will be endorsed at BMC2 in October.	Ongoing
<i>Work with the HRDWG to help coordinate the Strategic Action Plan on English and other Languages, and other initiatives related to the innovative use of new communication technology.</i>	The HRDWG is continuing to develop the Strategic Action Plan on English and Other Languages.		Ongoing Follow up required.
Enhancing Human Security			
<i>Coordinate and supervise all ECOTECH-related Working Groups and SOM Special Task Groups and provide policy guidance to these groups on the ECOTECH agenda particularly for capacity building in areas including counter-terrorism capacity building, health and energy security and emergency preparedness.</i>	The SCE continues to oversee SCE Fora's activities.		Ongoing

**WORKING GROUPS AND SOM TASKFORCES DRAFT
WORKPLAN TEMPLATE**

WORKING GROUPS AND SOM TASKFORCES DRAFT WORKPLAN TEMPLATE

1. Proposed Work Plan and Concrete Deliverables for 2007 in Response to Leaders/ Ministers/SOM Decisions and SCE Priorities.
2. Anticipated Activities and/or Proposed Work Plan with outside organisations in response to Ministers' call for greater engagement with:
 - A) Business Sector; and
 - B) Other Organisations/Stakeholders, including the IFIs and other International Organisations
3. Identify cross cutting issues and explain how they will be coordinated across Fora.
4. Expected Outcomes/Deliverables for 2007.

ANNEX 4

SCE POLICY CRITERIA FOR 2007 PROJECTS

SCE POLICY CRITERIA FOR 2007 PROJECTS

In assessing ECOTECH 2007 projects, priority will be given for capacity building activities for developing economies under the Manila Framework in the following priority areas:

High Priority
Category 1: Leaders Key ECOTECH Priorities*
<p>Advancing Freer Trade: the Busan Roadmap; particularly the Busan Business agenda and strategically focused capacity building;</p> <p>Enhancing Human Security: counter-terrorism; health security; emergency preparedness; energy security and anti-corruption</p> <p>APEC's Progress into the Future: APEC reform</p>
Medium Priority
Category 2: Ministers ECOTECH Priorities (additional to above)
<p>Human resource development; SMEs and MEs; Knowledge Based economy; Industrial Science and Technology; Transportation; Agricultural Biotechnology; Cross cultural communication; Gender integration; Sustainable development; Private sector development.</p>
Category 3: Sectoral Ministers priorities*
<p>Avian Influenza Ministers(2006); Energy Ministers (2005); Telecommunications (2005); SME Ministers(2005); Mining Ministers (2005); Ocean related Ministers (2005)</p>
Category 4: 2006 Host priorities*(additional to those identified in the above)
<ol style="list-style-type: none"> 1. Promote APEC Cooperation to Enhance Trade and Investment 2. Enhance Competitiveness of Small and Medium Enterprises : 3. Promote Integration Capacity through Human Resources Development, IT cooperation, and Partnership for Development: 4. Promote Anti-corruption and Transparency: 5. Reform APEC towards a more Dynamic and Effective Community 6. Connect APEC Economies through Tourism and Cultural exchange
Category 5: SCE 2006 key priorities **
<ol style="list-style-type: none"> 1. Strengthening ECOTECH, through the improved implementation of activities, ongoing reform and outreach to the broader community. 2. Bridging the development gap by promoting sustainable development, SME competitiveness, human resource development, knowledge based and information technology and private sector development. 3. Enhancing Human Security

** These ECOTECH priorities were agreed at SCEI. It is proposed that in future, the SCE will agree Policy Criteria, following the ministerial and leaders meetings rather than identifying broad policy priorities.

SUMMARY OF ECOTECH PROJECTS

NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2006 UNDER EACH ECOTECH PRIORITY THEME

<i>APEC Forum</i>	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	GFPN	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	<i>Total</i>	
<i>Priority Theme</i>																						
Developing Human Capital	2	16		1	2			2		1	10	1				-	2			2	39	
Developing Stable, Safe and Efficient Capital Markets							2	1								1			1		5	
Strengthening Economic Infrastructure		15	1	3	2	1	6	5											1		34	
Harnessing Technologies for the Future	2	2					2					3	4	3			4	2	1		23	
Safeguarding the Quality of Life Through Environmentally Sound Growth	1						4	3				2				-			1		11	
Developing and Strengthening the Dynamism of SMEs	1	1					1								5	-		1	1		9	
<i>Total</i>	6	34	1	4	4	1	15	8	3	1	10	6	4	3	5	1	6	4	3	2	121	

SUMMARY OF THE TYPES OF ECOTECH PROJECTS CONDUCTED BY APEC FORA IN 2006

<i>APEC Forum</i>	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	GFPN	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	<i>Total</i>	
<i>Type of Activity</i>																						
Seminar/Symposium	4	22	1	3	2		3	6			7	2	1		2		2	2	1			58
Training		3			1		2	2	2	1	3			2			2	1				19
Survey or Analysis and Research	2	7		1	1	1	10		1			2	3	1	3	1	2	1	2	2		40
Database/Website		2										2										4
<i>Total</i>	6	34	1	4	4	1	15	8	3	1	10	6	4	3	5	1	6	4	3	2	121	

SUMMARY OF THE TYPES OF ECOTECH PROJECTS CONDUCTED BY APEC FORA IN 2006 ACCORDING TO FUNDING SOURCES

<i>APEC Forum</i>	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	GFPN	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	<i>Total</i>	
<i>Source of Funding</i>																						
Operational Account	2	2		2		1	4		2	1	5	3	2	2	3		4		1	1		35
APEC Support Fund	1						2				4	3		1	1							12
TILF Special Account	3	32	1	2	4		5	1	1		1		2		1	1	2	3	2	1		62
Self-funded							4	7											1			12
<i>Total</i>	6	34	1	4	4	1	15	8	3	1	10	6	4	3	5	1	6	4	3	2	121	

REVISITING THE MANILA FRAMEWORK: 1996-2006

REVISITING THE MANILA FRAMEWORK: 1996–2006

1. Introduction

The adoption of the Manila Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development in 1996 provided the framework to guide members in the implementation of Part II of the Osaka Action Agenda (OAA). It articulated the goals, guiding principles and themes for focused outcomes in key areas of APEC economic and technical cooperation.

The framework outlined the goals of economic and technical cooperation and development in APEC as:

- to attain sustainable growth and equitable development in the Asia-Pacific region;
- to reduce economic disparities among APEC economies;
- to improve the economic and social well-being of the people; and
- to deepen the spirit of community in the Asia-Pacific’.

To achieve these goals, the Manila Declaration identified six priority themes, which are:

- Developing human capital
- Developing stable and efficient capital markets
- Strengthening economic infrastructure
- Facilitating technology flows and harnessing technologies for the future
- Safeguarding the quality of life through environmentally sound growth
- Developing and strengthening the dynamism of small and medium enterprises (SMEs)

In response to Leaders’ and Ministers’ call to improve the focus of APEC’s economic and technical cooperation and capacity building objectives a short list of APEC-wide ECOTECH priorities was developed and approved in 2003. The short list of four priority areas was meant to serve as a roadmap for future APEC ECOTECH agendas to make the best use of limited resources and maximize the impact of economic and technical cooperation in strategic areas.

These were:

- Integration into the Global Economy;
- Counter-Terrorism Capacity Building;
- Promoting the Development of Knowledge-Based Economies; and
- Addressing Social Dimension of Globalization.

This paper seeks to revisit the Manila Declaration ten years after its inception to undertake a stocktake and review to see how much has been achieved and whether the Framework remains relevant today.

2. The State of ECOTECH 1996 - 2006

In 1995, the APEC region was classified as becoming the “centre of gravity of the global economy”¹, accounting for over half the world's GDP, including the world's fastest growing economies and featuring the world's two largest economies.

In 1996, the Economic Committee, undertook a comprehensive review of APEC's work on economic and technical cooperation. The resulting report was the *State of Economic and Technical Cooperation in APEC*.

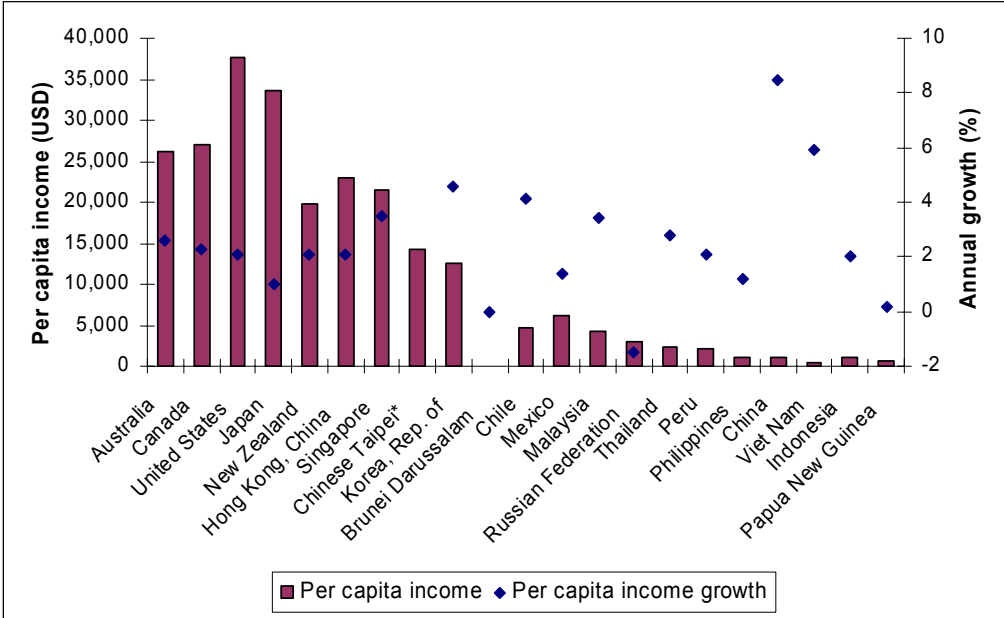
The report found that economic development in the APEC region was led by trade and investment and that the economic performance of APEC economies had contributed to a narrowing of income differentials and technological convergence. However, the report found that wide disparities existed within and between economies. Some of the issues the paper identified as challenges for economic and technical cooperation were: labour, capital, productivity gains, and sustainable development.

Growth in APEC

Despite facing turbulent times during the Asian Financial Crisis, APEC member economies averaged 3.1 percent real GDP growth per annum in the period from 1996–2004². In 2006, the economic outlook for APEC remains bright. The 2005 APEC Economic Outlook stated that ‘the APEC economy continues its strong expansion after its peak of overall real GDP growth at 4.3 percent in 2004’.

Per capita income trends were also overwhelmingly positive for APEC’s developing members, with the economies with the lowest per capita incomes having some of the highest growth rates in the region.

Figure 1: APEC Economies per capita Income (2004) and Growth (1990–2003)



Source: World Bank Indicators website, Chinese Taipei National Statistics website
 Notes: * - column 3 refers to 2004, and growth rates 2004-06. Source: Chinese Taipei, National Statistics website

¹ APEC Economic Committee, *1995 APEC Economic Outlook* (APEC, November 1995), p3
² APEC Economic Economic Outlooks 1998-2005

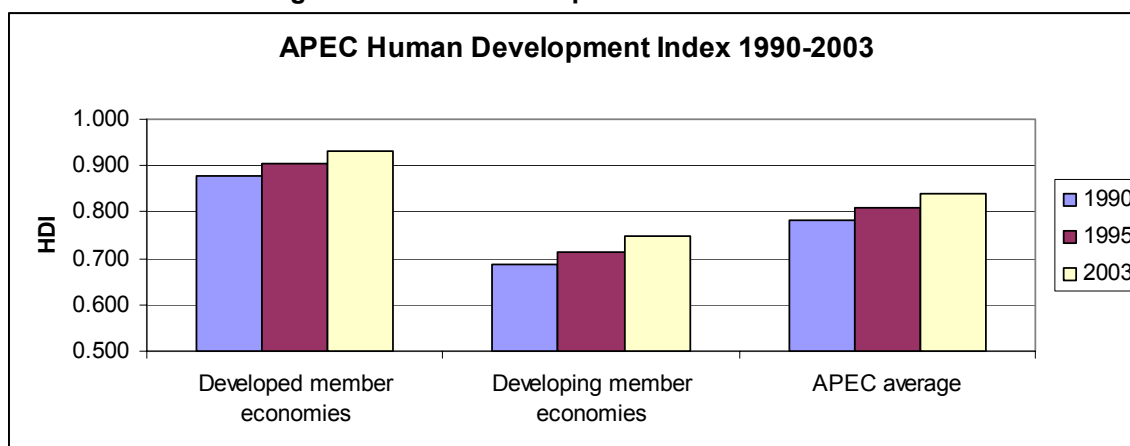
Social Benefits of Growth

In 2005, APEC undertook a mid-term stocktake of its progress towards meeting the Bogor Goals. The report found that progress had delivered major social benefits. The strong economic growth benefited people across all income levels in APEC economies. Poverty rates have reduced and have been accompanied by improved education, health and access to basic services. Accordingly, APEC economies represent one of the few groupings in the world on target to meet the United Nations' Millennium Development Goals.

The reduction in poverty within APEC economies since APEC's inception has been significant, with the proportion of the population of APEC economies living on less than \$1 a day declining from 25 percent in 1988 to 10 percent in 2000.

Overall, human development has improved in APEC. The UN's Human Development Index (HDI), which is an indicator that measures a country's average achievements in three basic dimensions of human development: life expectancy, educational attainment, and adjusted real income (\$PPP per person), show that all APEC economies are now at least medium human development ranking, with significant increases in human development across all APEC economies since 1996.

Figure 2: Human Development in APEC 1990–2003



The goals of APEC's ECOTECH agenda were to attain sustainable growth and equitable development, reduce economic disparities and to improve the economic and social wellbeing of the people. While it is reasonable to assume that APEC has contributed to improvements in the economic and social wellbeing of the people over the past decade, it is more difficult to measure with any accuracy the extent of that contribution. It is clear however that despite progress, there is still much work to be done.

Ongoing Issues

Progress overall masks problems and disparities that exist regionally, both across and within economies. Some notable achievements have been made across APEC economies, for example large reductions in poverty in most APEC economies. But poverty remains an issue for many APEC developing economies, with approximately one third of their populations living below the national poverty lines and more than one third living on less than US\$2 per day.

In addition, although improvements have been made, some economies still struggle to deal with key health issues including infant and maternal mortality, malnourishment, water and sanitation access and diseases such as malaria.

Clearly, a long road still lies ahead and economic and technical cooperation in APEC is still relevant and important for APEC member economies.

3. Reviewing ECOTECH's priorities

Despite the limited response, a survey of members' views of APEC's ECOTECH priorities was useful. Whilst members generally felt the ECOTECH priorities were important to APEC it was clear that ECOTECH had broadened since the Manila Declaration and it was time for a 'new cycle' by updating and improving the priorities. Members felt that the priorities should support the development of multilateral linkages and more accurately reflect emerging needs. Members also supported moving economic and technical cooperation away from an annual priority setting arrangements and focusing established medium to long-term priorities.

Priority One: Developing human capital

Human capital is identified by the Manila Framework as the region's main asset in economic development, to broaden the benefits of economic growth, deepen the basis for sustainable growth, and strengthen social cohesion domestically and regionally.

Labour

Labour was identified as a challenge for ECOTECH by the 1996 Economic Committee Report on the State of ECOTECH. In particular, concerns were raised about APEC's ability to sustain labour's contribution to growth. The 2005 Economic Committee Outlook also noted concerns about employment rates in some APEC developing member economies, particularly in Southeast Asia, where unemployment rates only slightly improved or even deteriorated because more new workers were introduced into labor markets than the number of jobs created.

Within APEC, labour policies are handled within the Human Resource Development's (HRD) Labour and Social Protection Network (LSPN). In 2005, Ministers recognised the important role that the LSPN plays in promoting training and employment policies, enhanced productivity, improved workplace practices and strong and flexible labour markets through the development of useful labour market information and policies.

Education

According to the mid-term stocktake, APEC economies have continued to improve their educational outcomes, with enrolment rates in primary, secondary and tertiary education all improving since APEC's inception. Near universal primary education has been achieved in nearly every APEC economy, with the net primary enrolment ratio moving above 97 per cent in all but three economies. However, whilst literacy rates and primary school enrolments are relatively high overall, some economies have stagnated in the past decade and issues such as secondary and tertiary enrolments remain a challenge.

APEC's HRDWG Education Network (EDNET) has an important role in information exchange and policy dialogue with regard to Education Policy. In 2004, APEC Education Ministers acknowledged the accomplishments of EDNET, including successfully completing joint initiatives in Information Technology; Teacher Preparation; and Education Management. EDNET has been particularly successful in the exchange of best practice through the development of the Knowledge Bank of Education Policy and Practices. Recognising the needs of the knowledge based economies, and building upon the successful work to date, Education Ministers defined four priority areas for future network activities: Teaching English and Other Foreign Languages; Stimulating Learning in Mathematics and Science; Using Technology for Teaching and Learning; and Governance and Systemic Reform in Education.

Health

Emerging health issues have the potential to severely impact human capital development. APEC's Health Taskforce takes the lead in addressing health issues in APEC. Some of the key health issues APEC has faced include:

In 2003, the Severe Acute Respiratory Syndrome (SARS) outbreak affected the human and economic health of economies in the Asia-Pacific region. The APEC Leader's Statement on Health Security committed to strengthening public health. Meeting in the midst of the SARS epidemic, APEC Health Ministers were able to work together towards developing ways to help combat the health crisis. Recognizing that infectious diseases can have a deleterious impact on trade and regional security, Ministers agreed to increase future defenses against similar infectious disease outbreaks as well as other new threats and challenges.

In 2004, Ministers noted with concern the economic and social impact that HIV/AIDS continues to have in the APEC region. Leader's approved the initiative "*Fighting against AIDS in APEC*", with the aim of encouraging greater cooperation in the region to prevent HIV/AIDS and promote access to safe and affordable medicines and treatment for people living with AIDS.

In 2005, a report to Senior Officials³, indicated that an influenza pandemic has the potential to infect hundreds of millions world-wide, threatening economies, security, and stability. The highly pathogenic avian influenza (HPAI) virus, H5N1, is a possible source of the next pandemic should the virus become easily transmissible between humans. Nine APEC economies⁴ have experienced outbreaks in birds and three economies have reported human cases since 2003.

To contain avian influenza at its source and prepare for a potential influenza pandemic regardless of source, APEC Leaders endorsed the *APEC Initiative on Preparing for and Mitigating an Influenza Pandemic* at their last meeting in November 2005. APEC Ministers Responsible for Avian Influenza met in Da Nang, Viet Nam in 2006 and developed the *APEC Action Plan on the Prevention and Response to Avian and Influenza Pandemics*. The Plan commits APEC economies to working individually and cooperatively to develop practical approaches to prevent, prepare for and mitigate the impact of avian influenza and a possible influenza pandemic. In addition, other relevant Fora have undertaken work in this area, including the Small to Medium Enterprise Working Group (SMEWG) who developed a set of APEC best practices/guidelines for business continuity in the case of an avian influenza in 2006.

Priority Two: Developing stable and efficient capital markets

This goal was initially included to promote capital flows that generate real economic returns, to mobilise domestic savings through broad, deep capital and financial markets and to enhance the environment for private investment in infrastructure.

A secure enabling environment to promote investment is critical for growing economies in APEC. In 2005, APEC Finance Ministers noted the increasing importance of capital flows in the APEC member economies as evidenced by the size of global capital flows into and out of the APEC economies increasing almost 8 times to 1.4 trillion US dollars in the past 20 years, compared to the 3.7 fold increase in the size of APEC's GDP during the same period.

³ Preparing for and Mitigating an Influenza Pandemic 2005/csom/029

⁴ People's Republic of China; Hong Kong, China [few limited cases in wild birds]; Indonesia*; Japan; Republic of Korea; Malaysia; Russian Federation; Thailand*; and Vietnam*. (* have reported human cases)

APEC Finance Ministers emphasised the importance of open, well-supervised and systemically sound financial services sectors in promoting free and stable capital flows in the region and resolved to continue efforts to promote capital account liberalization, in a manner consistent with maintaining financial stability, and to build deep, resilient and efficient capital markets.

Capital flows are particularly important for SMEs. In 2005, APEC SME Ministers endorsed the *Daegu Initiative on SME Innovation*, which aims to facilitate SME innovation. One of the key components of the Initiative is enhancing availability of capital to SMEs, which has been identified as fuel for SME innovation.

Recognising the importance of the financial sector as a whole, the current goal could benefit from a broader approach to incorporate the financial services sector, which builds on the strong emphasis placed by Leaders on structural economic reform.

Priority Three: Strengthening economic infrastructure

This goal was identified by the Manila Declaration as critical to eliminating bottlenecks to economic growth, especially in areas such as telecommunications, transportation, and energy, in order to further integrate members into the regional economy, and the region into the global economy.

The 1996 Economic Committee Report noted that APEC economies faced the challenge of putting in place the infrastructure required to support a modern information-intensive economy. The telecommunications, transportation and energy working groups are highly active in APEC, but the sectors continue to face challenges in 2006.

APEC recognizes the tremendous economic and social benefits that access to Information and Communication Technologies could provide, such as increase productivity and commerce, access to education, health and medical services, as well as information dissemination in cases of pandemics and disasters. Since 1990, APEC committed to improve the information infrastructure in the Asia-Pacific region; to develop and implement appropriate policies in the telecommunications and information sector; and to facilitate effective cooperation, sustainable development, and free trade and investment.

Work undertaken by several APEC fora, including the Telecommunications and Information Working Group (TEL), supports this priority. TEL has developed and implemented numerous and relevant initiatives, projects and strategies to assist APEC member economies to effectively respond to rapid changes in this sector and work toward the establishment of the Asia Pacific Information Society. Key initiatives include the *Digital Divide Blueprint for Action*, the *APEC Cybersecurity Strategy*, Key Principles for Broadband Development in the APEC Region, Effective Compliance and Enforcement Principles, *APEC Principles for Action Against SPAM*, the *Implementation Guidelines for Action Against SPAM*, and APEC's Strategy to Ensure a Trustworthy, Secure and Sustainable on-line Environment.

Energy is an important component of economic infrastructure and recognized as a key element of sustainable growth. APEC currently accounts for around 60 percent of world energy demand. The APEC region overall is a net energy importer, meaning that aggregate annual consumption of energy exceeds annual domestic production. The importance of energy security has been a growing concern for APEC members. In aggregate, APEC oil self sufficiency declined from 77 percent in 1992 to 67 percent in 2002 and is projected to fall to 38 percent in 2030.⁵ The APEC

⁵ Energy Security In APEC: Assessing The Cost Of Energy Supply Disruptions And The Impacts Of Alternative Energy Supply Strategies - An Overview, Robert Pritchard Resources Law International and Lindsay Hogan Australian Bureau of Agricultural and Resource Economics 2005.

Energy Working Group (EWG) has highlighted that security of oil supply is the most important energy security risk which led to the development and endorsement of the *APEC Energy Security Initiative* in 2004. The future economic development of economies will be influenced by success in providing energy security.

The transport sector faces several challenges, particularly in relation to security. In 2004, Transport Ministers condemned the terrorist attacks and the targeting of transportation systems to inflict terror on civilians and expressed determination to enhance regional cooperation on transportation security. Implementing the Ministers priorities, the Transportation Working Group (TPTWG) aims to achieve liberalisation of transportation services and works to enhance the safety of APEC Transport Systems.

Priority Four: Facilitating technology flows and harnessing technologies for the future

Focusing on the future ensures that APEC joint activities promote the flow and expand the capacities of its members to absorb existing industrial science and technology as well as develop new technologies for the future, thus promoting a free flow of information and technology.

In 2005, the Economic Committee published a Report on Patterns and Prospects on Technological Progress in the APEC region. The Report found that technological progress is the engine of sustainable growth in the APEC region. The report concluded that APEC economies have followed diverse patterns of technological progress and technological transfer; and emphasized the importance of direct investment in the region to promote the upgrade of technology in the recipient economies. The Report also stressed the importance human capital factors in technological dissemination.

Recognising the full potential of the rapid advances in information and communications technology, in 2000 in Brunei Darussalam, APEC Economic Leaders committed to enabling every economy to have individual or community-based access to information and services offered via the internet by 2010 (Brunei Goals). By 2005, Internet access has more than doubled in APEC member economies since 2000. Statistics show that 6 out of 21 APEC member economies more than tripled their internet access during this period. In 2006, APEC members include economies with the world's most extensive, accessible and affordable access to broadband networks and the opportunities they provide for the networked use of information and communications technologies (ICT). While some APEC members are at the forefront of developments in this sector, the APEC region remains diverse.

Leaders also endorsed the wide-ranging *Action Agenda for the New Economy*, which outlines programs to help APEC Member Economies use technological advances to boost productivity, stimulate growth and extend services to the whole community. The *e-APEC Strategy* provides a framework for APEC's development towards the New Economy.

APEC TEL developed a *Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment* (TEL MRA) which has facilitated the free flow of telecommunications equipment within the region and its implementation is well underway. *Guidelines for the use of Conformity Assessment Procedures for Telecommunications Equipment by APEC Economies*

In 2004, APEC Science Minister's met to discuss enhancing the capacity of science, technology & innovation to deliver sustainable growth across the APEC region. They identified four key policy issues to guide APEC's work: human capacity building; International Science and Technology (S&T) networks; connecting research and innovation; and strengthening technological cooperation

and encouraging best practice in strategic planning. In addition to these key areas, APEC's Industry, Science and Technology Working Group focuses on the implementation of three major initiatives - *the APEC Agenda for S&T Industry Cooperation for the 21st Century*, *the Mexico Declaration*, which identified partnerships and networks as an important mechanism to sustain discovery and innovation, and the *Cleaner Production Strategy*.

Priority Five: Safeguard the quality of life through environmentally sound growth

The APEC Economic Leaders' Economic Vision Statement in 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".

The Economic Leaders' *Declaration in Canada* in November 1997 stated that "Achieving sustainable development is at the heart of APEC's mandate". Leaders also directed Ministers to develop specific initiatives to implement an initial work program for sustainable development in APEC that includes the themes of sustainability of the marine environment, clean technology and clean production, and sustainable cities. In the same year, APEC Environment Ministers endorsed the *Action Plan for Sustainability of the Marine Environment*, *the APEC Sustainable Cities Program of Action*, and the *APEC Cleaner Production Strategy*. At this time, three sub-themes of sustainable cities, cleaner production, and sustainability of the marine environment were added to the ECOTECH priority themes.

In 2004, Leader's reaffirmed their political commitment to promote structural reform, and recognizing its value for achieving sustainable economic growth, including through improving the functioning of markets, we adopted the *Leaders' Agenda to Implement Structural Reform* (LAISR).

In 2002, Ocean-related APEC Ministers adopted the *Seoul Oceans Declaration* as a commitment to domestic and regional action for the sustainable development of oceans, seas and coasts, including their resources. Following on from this, in 2005 Ministers endorsed the Bali Plan of Action "*Towards Healthy Oceans and Coasts for the Sustainable Growth and Prosperity of the Asia Pacific Community*" to ensure the oceans and their resources provide a permanent and sustainable foundation to the economic and social well-being of APEC economies and people.

Other Fora also contribute to this goal, including the Industrial Science and Technology Working Group (ISTWG) established the APEC Climate Center in 2005, which will provide more effective exchange of regional climate information among member economies. Tourism Minister's adopted the Tourism Charter in 2000, which focuses the work of the Tourism Working Group (TWG) on sustainable development. And the TWG is currently developing *Best Practices in Sustainable Tourism Management Initiatives for APEC Economies*, covering various major aspects of sustainable tourism management from both the public and private sectors, in the APEC economies.

Priority Six: Develop and strengthen the dynamism of Small and Medium Enterprises

An independent assessment of the SMEWG conducted in 2006 noted that 'SMEs and MEs are a vital part of the region's economy and business—APEC's main focus. They are also an important social and political force that contributes to poverty reduction and social stability'. The Report found that 'APEC data from around 2000⁶ indicated that there were about 49 million non-agricultural SMEs and MEs in the region, with half of them being in China and Indonesia. In the region as a

⁶ Much of this statistical data came from a report prepared through the SMEWG and the Pacific Economic Cooperation Council, entitled '*Profiles of SMEs and SME issues in APEC 1990 -2000*.' Published by the APEC Secretariat in 2002

whole, they made up about 95 percent of all enterprises and employed about 80 percent of the workforce'. However, it also noted that it was difficult to measure the degree to which APEC initiatives had helped improve the business environment for SMEs.

APEC Leaders in Kuala Lumpur in 1998 endorsed the Integrated Plan of Action for SMEs (SPAN). The SPAN provides the strategic policy framework to support SME growth and competitiveness in APEC and the guidelines for SME development. The SPAN adopted the five priorities of the OAA's *Common Policy Concepts*: Human Resources Development; Access to Information; Technology and Technology Sharing; Financing; and Market Access. In 2002, with the incorporation of the 2001 OAA amendments to the SPAN, a sixth priority area on Policy Environment was added.

In 2005, APEC Leader's recognized the importance of promoting innovation in SMEs by adopting the *Daegu Initiative on SME Innovation Action Plan*, which allows APEC economies to share knowledge, and to establish cooperatively economic and policy environments which best foster innovation.

In 2004, Ministers adopted the *Santiago Agenda on Entrepreneurship* to focus on enabling the business environment that encourages the formation and growth of enterprises providing support for SME growth and by removing barriers that impede their growth. In 2003, Ministers endorsed the *Action Plan to Promote Micro-Enterprise in APEC economies* and the establishment of the APEC Micro-Enterprises Sub Group under the SMEWG

APEC's medium term priorities

In 2003, in response to Leaders' and Ministers' call to improve the focus of APEC's economic and technical cooperation and capacity building objectives a short list of APEC-wide ECOTECH priorities was developed and approved. Given the short time frame, it is difficult to assess the impact of the four priorities. However, a rough analysis is provided below.

- *Integration into the Global Economy*

Assisting member economies to integrate into the global economy has always been a primary objective and is a particular focus for the Committee on Trade and Investment (CTI) which is responsible for the implementation of the Osaka Action Agenda (OAA) Part I.

In 2005, Leaders welcomed the outcomes of the Midterm Stocktake on the progress towards achieving the Bogor Goals, which confirm that APEC has made momentous strides towards free and open trade and investment. Leaders stated that both individual and collective efforts towards the Bogor Goals have contributed to rapid and sustained economic growth as well as to significant improvements in the welfare of APEC people. To respond to new challenges that emerged from the evolving international trade environment and to reach the Bogor Goals by the declared timelines, Leaders endorsed the *Busan Roadmap to the Bogor Goals*.

- *Counter-Terrorism Capacity Building*

In Los Cabos, Mexico 2002, APEC Leaders agreed that terrorism represented a severe threat to the region, and adopted the *Statement on Fighting Terrorism and Promoting Growth* and endorsed the *Secure Trade in the APEC Region (STAR) Initiative*. Secure Trade in the APEC Region (STAR) aims to secure and enhance the flow of goods and people through measures that protect cargo, ships, international aviation and people in transit.

Since its establishment in 2003, the Counter-Terrorism Task Force has been tasked with coordinating the counter-terrorism capacity building activities.

In 2005, APEC Leaders reaffirmed their commitment to review progress on efforts to dismantle trans-boundary terrorist groups, eliminate the threat of weapons of mass destruction and their means of delivery, and confront other direct threats to the APEC region, and to take the appropriate individual and joint actions to further these important goals. Leader's endorsed new initiatives on the *safe handling of and trade in radioactive sources, the reduction of airport vulnerability to Man-Portable Air Defense System (MANPADS), Total Supply Chain Security* and the *APEC Framework for the Security and Facilitation of Global Trade*.

Broader concerns about human security have arisen since 2003, which could be incorporated into this priority, including disaster preparedness and emergency management, health security, energy security and anti-corruption. For example, 2005 APEC Leaders recalled the horrific regional natural disasters during the year and committed to protecting economies by taking action to lessen the impact from future disasters and improve APEC's collective response capability. In 2004, Leader's noted that corruption is a serious threat to good governance and deters investment and endorsed the *Santiago Commitment to Fight Corruption and Ensure Transparency*, and the *APEC Course of Action on Fighting Corruption and Ensuring Transparency*.

- *Development of Knowledge-Based Economies*

In 2003, APEC Ministers noted that promoting the Development of Knowledge-based Economies (KBEs) was the foundation for the economic and social development of the APEC region. Focused on meeting the *Brunei Goals*, and the *E-APEC Strategy*, APEC is undertaking many activities to promote the development of knowledge-based economies across a broad range of working groups.

In 2005, APEC Leaders highlighted the importance of innovation and sharing advanced technologies among members in the years to come and acknowledged the efforts made in reaching the Brunei Goals and instructed Ministers to maintain the momentum. APEC Ministers encouraged undertaking technical cooperation amongst member economies in order to develop global learning communities that can build the skills that our youth require in our increasingly global and knowledge based economies.

- *Addressing the Social Dimension of Globalization*

This priority aims to develop a better understanding of the benefits of increased trade in order to help people to take advantage of globalization; and to assist the development of public policies to help absorb economic shocks and facilitate adjustment. In 2005, there were nine activities implemented by the APEC working groups in support of this priority.

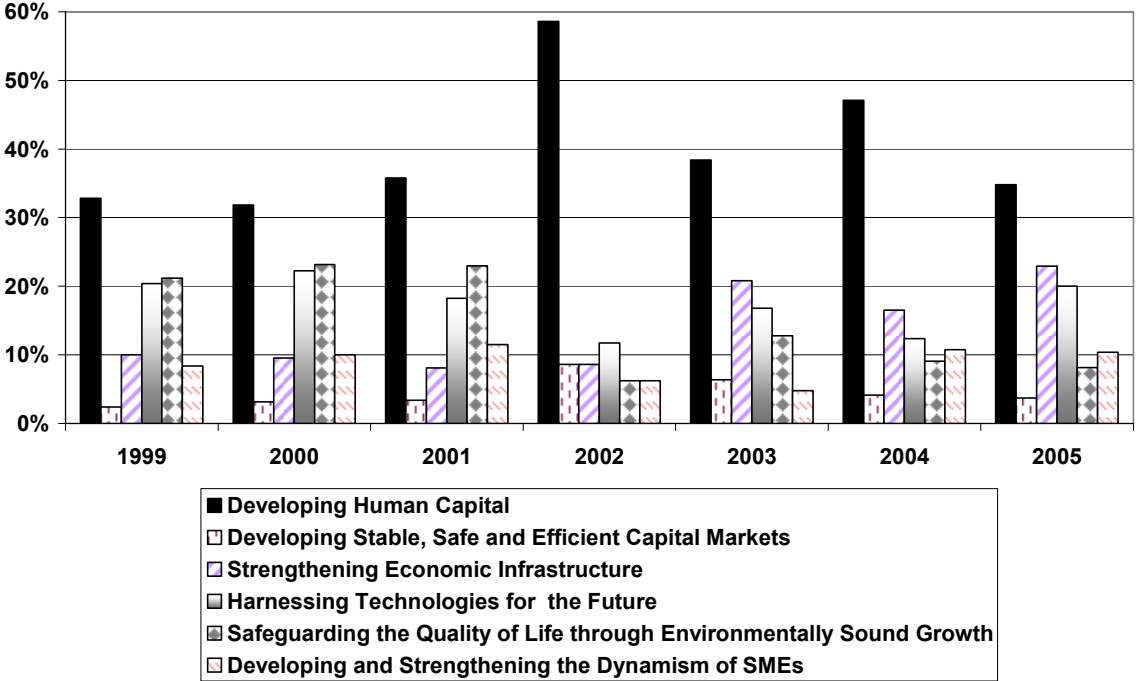
In 2005, Leader's acknowledged the importance of ensuring that all of our citizens have the opportunity to share the benefits generated by trade liberalisation and economic growth. They agreed to conduct a study of ways to confront the challenges and impediments related to socio-economic disparity issues. APEC intends to build on its ongoing work to expand the circle of beneficiaries of economic growth through such means as providing economic and technical cooperation, particularly, measures of capacity building, encouraging economic reforms and fighting corruption.

Implementing the ECOTECH priorities

The 2005 SOM Report on ECOTECH analyzed ECOTECH projects over the period from 1999–2005.

The report found that across the six ECOTECH priority themes, developing human capital remained the focus of many APEC projects, with more than 35 percent of the projects’ objectives geared towards building human capacity. This is followed by “Strengthening economic infrastructure” was addressed in around 23 percent of projects and more than 20 percent of projects focused on harnessing technologies for the future. Activities undertaken in support of capital markets and environmentally sound growth remain considerably lower.

Figure 3: Projects by ECOTECH Priorities Themes 1999–2005



4. Conclusions and Recommendations

The Manila Framework remains relevant to guiding economic and technical cooperation in APEC. The 2003 priorities reflect some of the more recent priorities including human security. These priorities will continue to be a means to drive the SCE's work program and provide focus to economic and technical cooperation.

The SCE might wish to consider a slight update to the priorities to reflect minor changes (see italics) in the direction of APEC's work:

Long-term priorities

- Developing human capital
- Developing stable and efficient markets *through structural reform*.
- Strengthening economic infrastructure
- Facilitating technology flows and harnessing technologies for the future
- Safeguarding the quality of life through environmentally sound growth
- Developing and strengthening the dynamism of small and medium enterprises (SMEs)

Medium-term priorities

- Integration into the Global Economy;
- *Human Security* and Counter-terrorism Capacity Building
- Promoting the Development of Knowledge-Based Economies; and
- Addressing Social Dimension of Globalization.

ABBREVIATIONS AND ACRONYMS

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ACT	Anti-Corruption Taskforce
ADOC	APEC Digital Opportunity Center
AELM	APEC Economic Leaders' Meeting
AICST	APEC International Center for Sustainable Tourism
APEC	Asia-Pacific Economic Cooperation
APEC-IBIZ	APEC International Network of Institutes for Small Business Counsellors
APGAS	APEC Gas Forums
ASF	APEC Support Fund
ATCWG	Agricultural Technical Working Group
BMC	Budget Management Committee
CEAH	USDA's Center for Epidemiology and Animal Health
CFPN	Cultural Focal Point Network
COW	Committee of the Whole
CSD	Commission for Sustainable Development
CSIRT	Computer Emergency Response Teams
CTI	Committee on Trade and Investment
CTTF	Counter-Terrorism Task Force
DDA	Doha Development Agenda
ECLAC	Economic Commission for Latin America & the Caribbean
ECOTECH	Economic and Technical Cooperation
ECSG	Electronic Commerce Steering Group
EDNET	Education Network
ESC	SOM Sub-Committee for Economic and Technical Cooperation
ESC-SGE	ESC Small Group on Evaluation
EWG	Energy Working Group
FMP	Finance Ministers Process
GNSS	Global Navigation Satellite System
HPAI	Highly Pathogenic Avian Influenza
HRD	Human Resource Development
HTF	Health Taskforce
IAS	Invasive Alien Species
ICAO	International Civil Aviation Organization
ICIAP	ISPS Code Implementation Assistance Program
ICT	Information and Communication Technologies
IFIs	International Financial Institutions
IMO	International Maritime Organisation

ISTWG	Industrial Science and Technology Working Group
ITS	Intelligent Transport Systems
LNG	Liquefied Natural Gas
LSPN	Labor and Social Protection Network
MANPADS	Man-Portable Air Defense System
ME	Micro-Enterprise
METC	APEC Small and Medium Enterprises Technology Conference
MOU	Memorandum of Understanding
MRA	Mutual Recognition Arrangement
MSEG	Maritime Shipping Experts Group
OAA	Osaka Action Agenda
OECD	Organisation for Economic Co-operation and Development
PPP	Public Private Partnership
RTEIS	Real Time Emergency Information Sharing
S&T	Science and Technology
SARS	Severe Acute Respiratory Syndrome
SCE	SOM Steering Committee on ECOTECH
SCE-COW	ECOTECH Committee of the Whole
SME	Small and Medium Enterprises
SMEIC	APEC Innovation Center for SME Development
SMESA	APEC SME Service Alliance
SMEWG	Small and Medium Enterprises Working Group
SPAN	Integrated Plan of Action for SMEs
SPSG	Security and Prosperity Steering Group
STAR	Secure Trade in the APEC Region
TEL	Telecommunications and Information Working Group
TFEP	Task Force on Emergency Preparedness
TOSS	Tourism Occupational Skills Standards
TPOs	Trade Promotion Organizations
TPTWG	Transportation Working Group
TPWG	Trade Promotion Working Group
TSA	Tourism Satellite Account
TTM	Total Tourism Management
TWG	Tourism Working Group
UN-CSD	UN Commission for Sustainable Development
UNEP	United Nations Environment Program
WRITSS	World Report ITS Standards