

KEY APEC DOCUMENTS

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**Asia-Pacific Economic Cooperation
Secretariat**

December 2000

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APEC ECONOMIC LEADERS' DECLARATION

**Bandar Seri Begawan, Brunei Darussalam
16 November 2000**

DELIVERING TO THE COMMUNITY

1. We, the Economic Leaders of APEC, meeting in Bandar Seri Begawan to consider the challenges of the new millennium, reaffirm our confidence in the APEC vision of a community of open and interdependent economies as the means to strengthen our ability to grow together in the global market and deliver prosperity to our people.
2. We renew our determination to bring this vision into reality through our shared commitment to the Bogor goals of free and open trade and investment and through our wide-ranging cooperation in building the capacity of our people, our institutions, our infrastructure and our markets according to the action agenda we agreed in Osaka.
3. We remain committed to the vision because we have seen how open economic policies pursued by the economies of our region have been the driving force in delivering impressive growth over two decades. This growth has resulted in rising incomes, more opportunity, better education and a higher standard of health for our people.
4. While the economic crisis was a setback in a decade of progress in APEC, we have not allowed this to deter us from building upon the policies which have given us rapid and stable economic growth. We are encouraged by the improvement in economic and social conditions in the economies affected by the crisis and by the signs of a return to strong economic growth in the regional economy as a whole.
5. We note though the risks to the world economy posed by volatility in the oil market. We call for appropriate measures to promote stability in the mutual interests of consumers and producers. We welcome the efforts made this year by APEC members to balance oil markets and note the many ongoing cooperation activities within APEC which will help reduce vulnerability and promote market stability.
6. We are determined not to be complacent in any of our efforts for continued improvements to growth because we know that the same policies which are consolidating the recovery will also enable us to integrate more confidently into the global economy.

Managing Globalisation

7. As we view the options ahead, we are convinced that the movement towards global integration holds the greatest opportunity to deliver higher living standards and social well-being for our communities. We acknowledge that meeting the wide range of social and economic challenges that globalisation poses will not always be easy.
8. We understand that in all our economies there are people who have yet to gain the benefits of economic growth, especially in rural and provincial communities. We also appreciate that the many people who have been hard hit by the economic crisis have had their faith in openness severely tested. As Leaders, bound by a sense of shared prosperity and a mutual understanding of the difficulties in each of our economies, we resolve to

address the wide disparities in wealth and knowledge and bring the benefits of globalisation to all our people. APEC's economic and technical cooperation programs are already making a positive contribution to this process but we believe they can be strengthened. We therefore ask our Ministers and officials to ensure that the cooperation agenda is clearly targeted and more focused to achieve practical outcomes which will help our economies build the necessary capacity.

9. We resolve as well to continue our work in international forums to help shape the global economy and provide a more secure and stable financial environment for both developed and developing economies. Important lessons have been drawn from the crisis of 1997-98. This understanding of the need for the right preventive practices to reduce the risks of financial panic has been the focus of the international community's response. We welcome the efforts of the G-20, the Financial Stability Forum, the international financial institutions and other fora to strengthen international financial architecture. These efforts include improving international surveillance, strengthening regulatory and supervisory frameworks, and appropriately involving private creditors in crisis resolution. They also involve cooperative financing arrangements at the regional level that complement IMF resources and reforms to the international financial institutions including the review of quota/share allocation. We also thank ABAC for the extensive recommendations it has made on implementation of these issues and ask that our Finance Ministers examine them in the coming year.
10. Our ability to reap the benefits of globalisation will depend on the capacity of our economies and our people to cope with ongoing change. The crisis has already taught us much about the need for continuing structural reform and market opening, and the importance of implementing sound economic policies. In particular, it has alerted us to the importance of facilitating inevitable structural adjustments to take up new opportunities and to the heavy costs of avoiding adjustment.
11. To better prepare ourselves for the future, we instruct all our Ministers to make renewed efforts in APEC work on developing strategies to manage the required structural adjustments more effectively. We ask them to include in this, ways to look after those disadvantaged by economic change including through continued work on social safety nets. We also ask them to include ways to develop systems of good governance and robust institutional frameworks for the financial and corporate sectors.
12. We note the importance our Finance Ministers have placed on building capacity in these areas. We welcome their progress and further extension of work in a wide range of programs, including skills development of financial regulators and insurance regulators, and insolvency law reform and financial disclosure. We encourage Finance Ministers to continue to share experiences and expertise on key issues like privatisation and managing bank failures as well as strengthening social safety nets to deepen the region's understanding of how markets and institutions can be strengthened to face ongoing change.

Creating New Opportunities

13. There is no doubt that the revolution in information and communication technology is dramatically boosting the development of a global economy. It carries with it unprecedented opportunities in a new style of economy with new forms of markets, higher levels of productivity and new demands for knowledge, entrepreneurship and innovation.
14. We are encouraged that businesses and individuals even in traditional sectors can also benefit from the new economy as the use of technology becomes more widespread

within each economy and throughout the region. However, we realise that the technology and the benefits it can bring have not yet reached millions of our people.

15. Our vision is to prepare each of our economies and all of our people to use the technology revolution as a passport to the fruits of globalisation. We announce today new strategies which we believe will profoundly improve the livelihood of our community in the years ahead. We commit to develop and implement a policy framework which will enable the people of urban, provincial and rural communities in every economy to have individual or community-based access to information and services offered via the internet by 2010. As a first step toward this goal we aim to triple the number of people within the region with individual and community-based access by 2005.
16. Governments alone cannot achieve this vision. We recognise that it will require massive infrastructure development and human capacity building, and technologies which are only now in their formative stages. It will require a regime of outward-looking and market-oriented policies which can attract business investment and the cooperation and skills of our universities, training and research institutions, colleges and schools. We also recognise that the pace of development and implementation of the appropriate policy framework will vary in each economy because of the diversity among members and the widely different levels at which information and communication technology is now integrated.
17. We commit to working in partnership with the widest spectrum of the business community and those in education and training throughout the region to develop the policies which can make it happen. As a first step toward building this partnership and setting the agenda ahead, Brunei Darussalam and the People's Republic of China will jointly host a high-level APEC meeting of business, government, trainers and educators in China in 2001. We believe the outcome of this meeting will provide useful views for APEC Ministers and APEC fora.
18. Today, we also launch a wide-ranging Action Agenda for the new economy that outlines programs that will help our economies use advances in information technology to boost productivity and stimulate growth and extend services to the whole community. The Action Agenda includes ways to promote the right policy environment and build capacity to help create a framework to strengthen markets, electronic commerce, infrastructure, knowledge and skills development and provide affordable and more efficient access to communications and the internet. We recognise that this is only a start and we instruct all our Ministers and officials to develop this program further in 2001. We urge wide consultation and interaction with stakeholders in business and human capacity building as partners in our vision. We welcome ABAC's contribution to these issues this year and encourage them to continue that cooperation.
19. We note that APEC has already made significant progress in strengthening markets, developing human resources and promoting the development of small and medium enterprises to support the development of the new economy. We are particularly encouraged to see early success in the APEC E-Commerce Readiness Initiative where, in partnership with the business community, APEC has established global leadership in enabling economies to assess and improve their readiness for the new economy.
20. We welcome the comprehensive package announced by Japan before the Kyushu-Okinawa G8 Summit, to provide about US\$15 billion for addressing the international digital divide, noting that a significant proportion will be mobilised in the APEC economies.

21. We place particular emphasis on preparing our young people for the challenges ahead and agree that information technology should be a core competency for learning and teaching. We support APEC programs to enhance the quality of teachers and build sound education management through a process of cooperation in education in the region and commend the Association of Pacific Rim Universities and other organisations for their initiatives to develop distance learning capacity within the region. The new information and communication technology also enables important networks to be developed to extend health and medical services to the wider community and to address basic health issues. We commend the progress already made in strengthening disease information networks. We commit to fighting HIV/AIDS and other infectious diseases and call on the relevant authorities to report in the next year on a strategy which can be used in APEC to more effectively meet these disease challenges.

Strengthening the Multilateral Trading System

22. In this era of globalisation, a fair and rules-based multilateral trading system is even more crucial to our success and prosperity. The system should respond to the challenge of the 21st century.
23. We reiterate that there is a need to expeditiously launch a new WTO round for the benefit of all WTO members, particularly least-developed and developing economies. We agree that a balanced and sufficiently broad-based agenda that responds to the interests and concerns of all WTO members should be formulated and finalised as soon as possible in 2001 and that a round be launched in 2001. The elements and objectives we agreed in Auckland remain relevant.
24. We instruct our Ministers to make meaningful progress in the agriculture and services negotiations now underway. We also instruct them to continue the preparatory work on industrial tariffs and other related areas, as part of the preparation for a new round, without prejudice to the overall agenda for negotiations. We reaffirm our commitment to the moratorium on the imposition of customs duties on electronic transmissions until the next WTO Ministerial Meeting and we acknowledge the importance of avoiding unnecessary measures restricting use and development of electronic commerce. We endorse our Ministers' call for the establishment of an ad hoc analytical task force in the WTO which would examine how WTO rules are relevant to the evolution of electronic commerce.
25. We commend the confidence-building measures adopted in the WTO, including those on market access for least-developed economies and those addressing concerns over aspects of the implementation of WTO agreements. We urge effective implementation and the participation of more economies in the least-developed economies market access initiative.
26. To increase momentum toward the launch of a new round, we welcome the progress made to develop the strategic APEC plan on building capacity to implement WTO agreements. We endorse the strategic plan as it has been laid out and support decisions by Ministers for its early implementation.
27. We welcome the substantial progress that has been made over the past year in the WTO accession negotiations for China and urge rapid completion of these negotiations so that China can join as soon as possible. We also support rapid accession to the WTO by Chinese Taipei and the advancement of the accession processes of Russia and Viet Nam.
28. We note the recent developments in regional trading arrangements in the Asia-Pacific. We agree that regional and bilateral trade agreements should serve as building blocks for

multilateral liberalisation in the WTO. We therefore affirm that the existing and emerging regional trading agreements should be consistent with WTO rules and disciplines. We also believe that these arrangements should be in line with APEC architecture and supportive of APEC's goals and principles.

Making APEC Matter More

29. The people of the region are APEC's most valuable asset. We continue to believe that APEC must be a process which is open and transparent and which draws on the talents and creativity of our people. We strongly encourage the continued engagement and outreach APEC has developed with our community and seek to develop partnerships with groups which share, and will add impetus to, our goals.
30. We are pleased to note the increasing participation of women in APEC programs and the efforts to ensure that their participation is further facilitated and increased.
31. Although much of APEC's work is investment in the future, we are pleased that people are already gaining tangible and direct benefits from our earlier programs. We are also encouraged by new programs which are targeted toward improving access to information, the mobility of people and the flow of goods, services and investment within the region.
32. Our Individual Action Plans remain the most important mechanism for laying out our individual paths toward the *Bogor* goals of free and open trade and investment. We want to ensure that action plans are transparent, comprehensive and specific, and effectively communicated to business and the wider community. We therefore instruct Ministers to ensure that the new eIAP system released this year is fully utilised and operational in 2001 and updated and improved as an electronic tool in future years.
33. We encourage the business community to utilise our new BizAPEC website as a tool for seeking new opportunities within the region and to facilitate their trade and commerce. We ask our officials to make this a dynamic centre of information and reflective of the ongoing interests of business. This initiative, along with others implemented by APEC, can facilitate small and medium enterprises in their efforts to build strategic alliances and take up the advantages of international trade and investment.
34. We believe the APEC ECOTECH Clearing House website is an important addition to our electronic interaction with the community by providing a transparent and ready mechanism to show the effectiveness of our extensive program of economic and technical cooperation.
35. We continue to place the highest priority on facilitating the flow of goods and services and to reducing the cost of international transactions for the benefit of business and the consuming public. We know that progress in this area has particular benefit for small and medium enterprises. We instruct our Ministers to continue work on simplifying and harmonising our customs procedures and standards and conformance as two priority areas highlighted by ABAC and our business community. To provide a stronger basis for the future work on improving facilitation, we urge intensive efforts by Ministers and officials to produce a set of principles on trade facilitation in 2001 and ask them to address trade facilitation in an integrated way so as to help lower the cost of doing business in the region.
36. The future lies in our youth. The investments we make in encouraging them to cherish the region's rich cultural diversity, and in the development of their knowledge and skills,

will to a large degree determine the future course of globalisation. We welcome the wide-ranging programs offered by several economies promoting the interaction of youth this year and we strongly encourage these activities to continue in order to build a greater sense of community within the Asia-Pacific.

37. We attach to our Declaration a range of additional Directives to Ministers and officials and an annex which outlines our Action Agenda for the New Economy.

Attachment 1

DIRECTIVES OF APEC ECONOMIC LEADERS

The Directives in this attachment are in addition to those we have made in the body of our Declaration and in Annex 1. The Directives cover issues relating to trade and investment liberalisation and facilitation, and economic and technical cooperation, and issues arising from the APEC Finance Ministers process.

Trade and Investment Liberalisation and Facilitation and Economic and Technical Cooperation

- We support the actions of APEC Ministers Responsible for Telecommunications and Information Industry in their Cancun Declaration which lays out a Program of Action and Principles, and we urge them to find mutually beneficial ways to build upon this work to help achieve the visions we have set out in Brunei this year.
(<http://www.apecsec.org.sg/virtualib/minismtg/mtgtel2000.html>)
- We welcome the message from APEC Energy Ministers from their meeting in San Diego this year and commend the commitments made in their Declaration. Recognising that energy is central to building the region's economic and social future, strengthening the marketplace and promoting clean and sustainable development, we support their simultaneous pursuit of economic growth, energy security and environmental protection. We welcome the new energy security initiative and the new implementation strategy and note that the latter offers important capacity building elements, including an option available by request from economies for on-site visits by facilitation teams to share experiences on implementation according to needs expressed by that economy.
(<http://www.apecsec.org.sg/virtualib/minismtg/emm4.html>)
- We welcome and endorse the outcome of the second APEC Education Ministers Meeting held in Singapore in April. We agree with the key strategies identified by the Ministers for APEC economies to develop their education systems and meet the challenges of the new economy. We also welcome the decision by the Ministers to meet every five years to chart the future visions and directions for cooperation in education.
(<http://www.apecsec.org.sg/virtualib/minismtg/mtgedu2000.html>)
- We agree that tourism is one of the region's most important and dynamic industries, providing employment and business opportunities for a wide section of the community including small and medium enterprises and people in outlying areas. We endorse the APEC Tourism Charter prepared by APEC Ministers Responsible for Tourism at their meeting in Seoul, noting its forward-looking approach and its inclusion of comprehensive time-bound goals, a program of capacity building, and action plans to build capacity in tourism and remove impediments to future growth in the sector.
(<http://www.apecsec.org.sg/virtualib/minismtg/mtgtwg2000.html>)

- While we acknowledge tangible progress made this year towards achieving the *Bogor* goals, we agree that we need to continue discussion on how best to achieve them. We welcome the comprehensive approach agreed by Ministers in reviewing and building upon the guidelines in Part I of the *Osaka Action Agenda* on trade, investment and facilitation as part of this process. We also note the review of implementation of the joint activities in Part II of the *Osaka Action Agenda* on economic and technical cooperation.
(<http://www.apecsec.org.sg/virtualib/minismtg/mtgtrd2000.html>)
(<http://www.apecsec.org.sg/virtualib/history/osaka/osakaact.html>)
- We endorse the strategic APEC plan for WTO-related capacity building as a basis for concerted action to enhance capacity for full participation in the WTO. We confirm that both developed and developing APEC members would prioritise as appropriate the plan in the development programs, and that priority should be given to allocating the APEC Trade and Investment Liberalisation and Facilitation Fund to finance possible programs in accordance with the established approval process of the Fund. We also confirm that members would pursue collaboration with relevant international organisations such as the World Bank and the Asian Development Bank to implement this plan.
- We urge APEC Ministers and their officials to make further progress on the reduction of non-tariff measures as called for at our last meeting in Auckland and as reiterated by ABAC in its report this year. (<http://www.abaconline.org/current/report2000.pdf>)
- We urge continued effort in APEC's work on strengthening markets, noting that there has been progress in many areas, including in cooperative initiatives on strengthening economic legal infrastructure and competition and regulatory reform. Together with individual efforts by economies, we are moving towards stronger and more efficient markets in the region. We also welcome the progress in implementing the recommendations for more competitive air services on a voluntary basis, including the proposals on widening and deepening the measures within APEC as well as a plurilateral arrangement among five like-minded economies.
- We welcome the commitment by APEC Ministers Responsible for Small and Medium Enterprises to step up their engagement with business and their evolving cooperation initiative on SMEs and new business support.
(<http://www.apecsec.org.sg/virtualib/minismtg/mtgsme2000.html>)
- We endorse our Ministers' initiative for APEC to prepare a human capacity building strategy that would define the objectives, priorities and principles for APEC to respond to the challenges of the 21st century.
- We welcome the outcome of the APEC Forum on Shared Prosperity and Harmony held in Seoul in April. The Forum provided an important opportunity to discuss economic and social policies for sustained growth. In particular we welcome the proposal to strengthen social safety net activities in APEC to address economic disparities. We hope that this kind of policy dialogue established by the Forum will continue among APEC economies.
(<http://www.apecforum.go.kr>)
- We strongly endorse the approaches many APEC fora are making to interact with the business sector in their programs and we encourage the business sector itself to be proactive in helping to shape the policy environment in which it works. We welcome the initiative of a dialogue with the chemical industry. We support ABAC's recommendation for the development of a network of Institutes of Directors to promote and facilitate the adoption of best practices and international standards in transparency and corporate governance.
- We remain firmly committed to gender integration through the *Framework for the Integration of Women in APEC*. We Welcome and endorse recommendations from the Ad Hoc Advisory Group on Gender Integration to further accelerate the implementation of the

Framework and see this as a continuation of our past efforts to ensure that all people in our economies achieve their full potential for improved economic and social well-being.
(<http://www.apecsec.org.sg/workgroup/gender.html>)

- We welcome the progress report from Ministers on the implementation of the recommendations of the APEC Food System. We recall that the APEC Food System can make an important contribution to meeting the objectives of APEC, given the importance of the region's food sector. We reconfirm our commitment to address in parallel three areas of cooperation: the development of rural infrastructure, the promotion of trade in food products, and the dissemination of technological advances in food production and processing. We urge APEC fora and members to increase momentum in this regard as recommended by ABAC.
(http://www.apecsec.org.sg/workgroup/food_sys.html)
- We note the progress on the private-public sector initiative, Regional Integration for Sustainable Economies, which directly improves the capacity of our rural communities to be part of the regional trading system. (<http://www.riselink.net>)
(<http://www.pecc.org/food/risesitereport.cfm>)
- We urge our Ministers and officials to monitor the developments in biotechnology and foods derived from biotechnology to ensure a transparent and science-based approach to the regulation of these products and that our communities are able to be fully aware of the benefits and implications for producers and consumers.

Issues Arising from the Work of APEC Finance Ministers' process

Regional economy

- We note that there has been an encouraging improvement in the economic and social conditions in the economies affected by the crisis of 1997/98. The regional economy as a whole is showing signs of a return to strong economic growth, but there is no room for complacency. There is a need for continued structural reform and sound policies to sustain this progress.
- We note the risks posed by oil price volatility to the world economic recovery and for developing economies that are heavily dependent on oil market conditions, and the need to stabilise prices at sustainable levels. In the light of rising world demand, we call for appropriate increases in supplies and other necessary measures to promote long-term price stability in the mutual interests of consumers and producers.

International financial architecture

- Important lessons have been drawn from the crises of 1997/98. This understanding of the need for the right preventive practices to reduce the risks of financial panic – notably, stronger national balance sheets, strengthening of banking systems through effective regulation, greater transparency, greater monitoring and control of quasi-government guarantees and, crucially, more sustainable exchange rate regimes – has been the focus of the international community's response.
- We welcome the recent meeting of the G-20 Ministers and Governors, which considered ways to reduce countries' vulnerabilities to financial crises and included a wide-ranging discussion on how the international community can meet the challenge of globalisation. Such exchanges between a broad group of systemically significant economies not only help strengthen the international financial architecture, they have the potential to advance other issues of concern to the developing world.

- Surveillance is an important element in promoting international and domestic economic health. We affirm the importance of the IMF/World Bank Financial Sector Assessment Program (FSAP) and Reports on Observance of Standards and Codes (ROSC). Progress has been made in developing international standards, codes and best practice guidelines in a wide range of areas that will aid efforts to improve the legal, institutional, and regulatory frameworks in APEC economies. We support the key standards identified by the Financial Stability Forum and encourage APEC economies to implement them in accordance with their circumstances and priorities. Focused and targeted technical assistance will assist economies in implementing the key standards.
- Implementation of the Financial Stability Forum recommendations on highly leveraged institutions, capital flows and offshore financial centers will contribute to reducing the risks associated with cross-border capital flows and promoting international financial stability. Constructive engagement is important to assist economies to strengthen regulatory and supervisory frameworks. We note that the Forum did not recommend direct regulation of highly leveraged institutions at this stage but emphasised that it could be considered if, upon, review the implementation of their recommendations did not adequately address the concerns identified.
- Progress has been made in developing a framework for appropriately involving private creditors in crisis resolution and we urge the IMF and other relevant bodies to continue their efforts.
- IMF lending facilities have recently been modified to improve their effectiveness. We support the work of the Multilateral Development Banks to increase their focus on policies and programs directed at reducing poverty. Representation on the Boards of the IMF and the World Bank and quota/share allocation should appropriately reflect developments in the world economy.
- Cooperative financing arrangements at the regional level designed to complement resources provided by the international financial institutions in support of IMF programs can be effective in crisis prevention and resolution. In this context, we welcome the recent developments in East Asia and similar arrangements in North America.
- These efforts to strengthen the international financial architecture, particularly the emphasis on surveillance and crisis prevention, have achieved real results – in reduced leverage and longer maturities of external debt; in movements towards a mix of exchange rate regimes and macroeconomic policies more compatible with stability and avoidance of financial crises; and, in more resilient domestic banking systems and under specific circumstances in each country, through greater foreign participation.

Building stronger foundations

We welcome the Finance Ministers' work to strengthen markets, in particular:

- The development of the Voluntary Action Plan for Freer and More Stable Capital Flows. As our Finance Ministers have recommended, economies should focus on implementing sound and credible financial policies in order to minimise the risks and to take advantage of the opportunities available in international capital markets. Economies should also note that, capital account liberalisation requires strengthened financial systems and effective risk management framework.

- A study of APEC economies' experiences in managing bank failures, with the goal of developing a set of recommendations based on case studies that illustrate lessons from managing bank failures in our region.
- Progress made in developing skills of financial regulators and the strengthening of financial supervisory systems and the ongoing work in this area, including a new project on developing skills of insurance regulators.
- A clear recognition of the need to improve corporate governance and APEC's ongoing work in this area, including on insolvency law reform and financial disclosure.
- The guidelines for developing well-designed and cost effective social safety nets.
- The establishment of the Privatisation Forum as a way of sharing experience and expertise on privatisation, including governance and regulation of state enterprises.
- Recommendations from the Third Pension Fund Forum, particularly on education, funds management and good governance.
- Establishment of an APEC Working Group to survey the domestic legal and regulatory frameworks for fighting financial crime.
- The review of the codes of conduct and practices of the credit rating agencies and continue to foster an environment conducive to greater transparency.
- Establishment of an APEC Working Group to examine issues related to electronic financial transactions.

Annex 1

ACTION AGENDA FOR THE NEW ECONOMY

We have laid out in Brunei Darussalam a vision to capture the full economic and social benefits of the emerging new economy. APEC has taken a number of actions to move forward on the New Economy including on E-Commerce Readiness Assessment, paperless trading, electronic Individual Action Plans, and capacity building of institutions and human capital in areas related to e-commerce. To build on that beginning and to achieve our vision, we outline the following action agenda which aims to promote the right policy environment and to build capacity.

We recognise that this is only a start and that it will require cooperation and partnership among APEC economies, and among business, government and the widest spectrum of the community.

We instruct our Ministers to develop and expand this agenda, in consultation and engagement with the stakeholders, in order to:

- strengthen our market structures and institutions to enable new and existing forms of trade and investment in goods and services to flourish in the new environment;
- develop a conducive policy environment for investment in infrastructure and the development of technology; and
- induce innovation and entrepreneurship and build human capacity and knowledge through comprehensive and high-quality education, training and skills development programs:

Create an environment for strengthening of market structures and institutions

- Strengthen financial markets and supervisory and regulatory frameworks to improve capacity to provide capital to the most dynamic companies;
- Continue work towards pro-competitive and market-based policy frameworks for liberalisation in trade in telecommunications and IT services;
- Continue improving upon the electronic individual action plans (e-IAPs), a transparent and user-friendly way to record our economies' progress towards liberalisation;
- Intensify cooperation between governments and the business sectors to work towards affordable quality access to telecommunications services and the internet for all our communities;

Create an environment for infrastructure investment, technology development, entrepreneurship

- Develop the agreed work program leading to favorable as well as compatible legal and regulatory frameworks for consumer protection, electronic transactions documents and signatures across APEC;
- Continue work to ensure that SMEs are able to make full use of ICT in all aspects of trade and business;
- Use the results of the APEC E-Commerce Readiness Assessments for APEC Economies to further explore collective and individual actions, including by implementing the follow-on "Readiness Evaluation Action Partnerships" showcasing practical actions to remove roadblocks to participation in electronic trade;
- Continue work through appropriate fora in areas such as consumer protection, customs procedures, transport services, standards and conformance, and business mobility;
- Improve upon the newly-launched BizApec.com to ensure that it remains a useful, relevant and dynamic one-stop information portal for conducting business in the region;
- Intensify cooperation towards E-government, recognising its potential for efficiency gains, improved public accessibility to government services and to act as a catalyst for the business sector to adopt e-commerce;

- Affirm commitment to the moratorium on the imposition of customs duties on electronic transmissions until the next WTO Ministerial Conference, acknowledge the importance of avoiding unnecessary measures restricting its use and development, and call for establishing an ad hoc analytical taskforce in the WTO which would examine how WTO rules are relevant to the evolution of electronic commerce;
- Implement the accord to streamline conformance requirements for computers and peripherals and mutual recognition arrangements on telecommunications equipment;
- Implement the agreement to promote strong management practices for software and other intellectual property assets by users through a program of information and technical cooperation;

Building human capacity and entrepreneurship development

- Develop a Network of Skills Development Centers from across the Asia-Pacific region, in close collaboration with the private sector, to enhance understanding of training needs and deliver programs that will support the business requirements of local industries;
- Convene a High Level Symposium on E-Commerce and Paperless Trading in 2001 to develop ecotech and capacity building programs;
- Continue working collaboratively in promoting quality education, including basic education, emphasising the use of IT in a learning society, sharing ideas and experiences in facing common challenges and exploiting opportunities presented by the rapid developments of technology, including in the area of distance learning;
- Work towards the creation of an APEC Cyber Education Network, connecting research institutions and teachers' training institutions specialised in utilising ICT in education;
- Mobilise supports for the APEC Youth Internet Volunteers Program in providing training and instructions on the use of Internet for information, research and other educational purposes in digitally-disadvantaged economies;
- Continue addressing lifetime employability through emphasising life-long learning in APEC's education and human resources agenda, in recognition that, in times of rapid technological change, flexible labor markets are essential;
- Strengthen APEC cooperation in science and technology with a view to creating effective domestic innovation systems;
- Promote on an ongoing basis understanding and use of ICT in business, sharing of best practices in e-commerce, identifying of priorities and designing of tailor-made training / consulting programs.
- Encourage cooperation with the Global Business Dialogue on Electronic Commerce (GBDe) and other private sector entities to create a knowledge network as a resource for examining digital opportunities and policy positions.

Importance of knowledge

We welcome the APEC report on the Knowledge-Based Economy which focuses on the issues of business environment, innovation systems, human resource development and information and communication technology as valuable inputs in charting APEC's future work in the new economy and urge Ministers to continue work on preparations of detailed plans for implementation of the recommendations contained in the report.

TWELFTH APEC MINISTERIAL MEETING

**Bandar Seri Begawan, Brunei Darussalam
12 – 13 November 2000**

JOINT STATEMENT

Introduction

1. Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Peru; the Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam participated in the Twelfth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Bandar Seri Begawan on 12-13 November 2000. The APEC Secretariat was present. The Association of South-East Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council and the Pacific Island Forum attended as observers.
2. The meeting was Chaired by the Honourable Abdul Rahman Taib, Minister of Industry and Primary Resources, of Brunei Darussalam, and Her Royal Highness Princess Masna, Acting Minister of Foreign Affairs, of Brunei Darussalam. The main theme for APEC 2000, *Delivering to the Community*, signified the need for sustaining economic growth to raise incomes and reduce poverty in the region. Thus, the agenda of the meeting was organised in accordance with the three themes:
 - Theme 1: Building Stronger Foundations,
 - Theme 2: Creating New Opportunities, and
 - Theme 3: Making APEC Matter More
3. Global and regional macroeconomic conditions have boosted the confidence for better prospects and economic outlook for the APEC region. However, economies should continue to reform and restructure in enhancing the sustainability of growth. The full realisation of the potential of economic growth depends on close cooperation between government and business, as well as among economies in harnessing vast opportunities presented by globalisation and APEC's commitment towards the open trading system. This potential for a huge increase in prosperity would require continuous efforts in strengthening the APEC cooperation agenda that would enable developing economies to participate more meaningfully in the globalised economy. In spite of the many achievements by APEC, much remains to be done. Against this backdrop of new opportunities and challenges, APEC Ministers met to discuss and advance regional economic cooperation for common prosperity in the APEC region.

Building Stronger Foundations

4. Ministers reaffirmed their commitments to the Bogor goal of free and open trade and investment. After a decade of progress, Ministers considered that the years ahead offered APEC economies wide ranging opportunities for further growth that must be seized. However, there would be many challenges and APEC needed to explore more creative and efficient ways to prepare each of its members as they move towards the Bogor goal. APEC's shared goal of economic prosperity and social improvement would be made possible through building upon the solid foundations which APEC economies had laid over the last decade and through continued cooperation in building capacity. Such efforts would help economies realise their growth potential and transform that into higher living standards. It

would also enhance APEC's ability to play a stronger leadership role in international fora and act as a force for growth in international markets.

Trade and Investment Liberalisation and Facilitation (TILF)

Individual Action Plans

5. Ministers reaffirmed APEC's unique approach in advancing liberalisation and facilitation goals through the process of individual and collective actions.
6. Ministers commended the e-IAP initiative as an effective response to calls by business to make Individual Action Plans (IAPs) more transparent, specific and comprehensive. Ministers welcomed the work undertaken to improve the IAP mechanism through its transformation into an electronic medium to improve their usefulness and accessibility for the business community and policy makers. Ministers endorsed these landmark developments including the proposed 2000 IAP Format Guidelines for the new e-IAPs and concluded that the new format made the IAP system a more effective mechanism to reflect and encourage progress towards the Bogor Goals. Ministers expressed their appreciation for Microsoft Corporation's sponsorship of and contribution to the e-IAP system. This development together with the streamlining of the reporting requirements would enable the business community to plan with more certainty and benefit more quickly from the liberalisation, facilitation and deregulation processes which APEC economies were undertaking to improve the business environment. Ministers recognised that the e-IAP system could be further refined based on experience with using the system and requested officials to report its progress to the Ministers Responsible for Trade (MRT) Meeting in 2001.
7. Ministers were encouraged by the improvements in IAPs submitted by economies in 2000 and by the firm commitment demonstrated by economies to progressively and continuously improve their individual plans to reach Bogor goals. Ministers commended those economies that had made use of the new electronic format this year and agreed for all members to use the new e-IAP system for their 2001 IAP submissions.
8. Ministers reiterated their support for the on-going process of peer reviews by which economies demonstrate their commitments to further improve their individual plans and provided an additional opportunity for members to conduct close consultations on how this would be done. Guided by the *Osaka Action Agenda* (OAA) principles, Ministers endorsed a set of recommendations to improve the rigour and profile of the peer review process which called for regular, focused and manageable peer reviews without compromising their voluntary nature. Ministers commended China, Indonesia, Mexico, Peru, Singapore, Chinese Taipei and Thailand for submitting their IAPs for peer reviews this year and welcomed the offer from Canada and Russia to do so in 2001. Ministers also took note of the participation of business in some of these peer reviews and welcomed this invitation on a voluntary basis in the peer review process.
9. Ministers acknowledged the importance of strengthening the foundation of APEC and of forging closer relationships with business and the community at large in their effort to achieve economic growth and equitable development through trade and economic cooperation. They agreed it was imperative for APEC to continually build upon its successes and ensure that its work remained relevant in order to face the emerging global challenges and take up new opportunities in the coming century. Ministers reaffirmed the decision made at the MRT Meeting in Darwin to adopt a comprehensive approach in reviewing and building upon the OAA guidelines. Ministers acknowledged the initial work undertaken thus far and instructed officials to finalise the work, taking into account the views of ABAC, and submit their recommendations to the MRT Meeting in 2001.

Collective Action Plans, including Early Voluntary Sectoral Liberalisation and Trade Facilitation

10. Ministers approved and endorsed the annual report of the Committee on Trade and Investment (CTI) and its recommendations. They noted the enhancement of Collective Action Plans (CAPs) and considered that the increased transparency of trade and investment policies would provide greater certainty and predictability for the business community and would result in lower transaction costs for business. Ministers endorsed and highlighted some key outcomes in 2000 which include:
 - Expansion of the CAPs to intensify work on non-tariff measures (NTMs),
 - Principles and Features of Good Practice for Technical Regulations and Information Notes, and
 - Broadening of the CAPs to include “paperless trading” for customs procedures; and
 - Completion of the APEC Policy Framework for work on services.
11. Ministers approved the priority areas proposed by the CTI for 2001 and called on officials to explore new ways of enhancing the effectiveness of the work programs. Ministers stressed the importance of working closely with the business community, including ABAC, in this process to ensure that APEC’s work remained dynamic and relevant.
12. Taking into account the importance of ensuring stable investment flows into APEC region, Ministers welcomed Russia’s offer to host the Third Investment Mart and Seventh Investment Symposium in Vladivostok in 2002.

Early Voluntary Sectoral Liberalisation

13. Ministers noted the many activities under the EVSL initiative, including a wide- range of surveys and sectoral seminars/workshops to progress the work on non-tariff measures (NTMs), facilitation and ECOTECH. In particular, Ministers welcomed the consolidation of the NTMs work programme and tasked the CTI to further develop additional collective actions on NTMs by the next Ministerial Meeting. Ministers also called on the relevant APEC fora to consider appropriate ECOTECH programmes to assist in this process.
14. Ministers also welcomed progress made in 2000 in the APEC Auto Dialogue, and encouraged further such progress at the next Dialogue in Thailand. Ministers welcomed the initiative to establish a Chemical Dialogue comprising government and industry representatives. Such public -private sector dialogues were important for improving the mutual understanding of key imperatives for the development of future policy and for enhancing the competitiveness of the industry.

Trade Facilitation

15. Ministers reviewed recent APEC advances in improving trade and investment facilitation and agreed that this had immediate benefits for business and was taking APEC economies toward the goal of free and open trade and investment. Ministers noted the accomplishments in the work on the rapid exchange of information and increased transparency in testing and certification requirements in the region, APEC Business Travel Card, launch of the *BizAPEC.com* website, *APEC: Getting Results for Business* and the *2000 SCCP Blueprint: Meeting the Challenges of Modern Business Environment*. Ministers requested APEC fora to continue this work and explore new areas and ways of taking it forward because of the direct benefit it has in reducing transactions costs for business and consumers.

16. Ministers agreed that trade facilitation must remain a priority issue. They welcomed initial work on developing a set of non-binding principles on trade facilitation and instructed officials to complete this work and report it for the consideration of Ministers Responsible for Trade in June 2001. Ministers noted that the work on the non-binding principles on trade facilitation could also be a useful contribution to the WTO. Ministers recognised the outcome of an APEC Workshop on Trade Facilitation in the Asia-Pacific and instructed officials to consider Canada's proposals on trade facilitation in the next year's process.

Strengthening the Multilateral Trading System

17. Ministers expressed their firm commitment to open regionalism and strong support for the primacy of the multilateral trading system. They agreed that the system should respond to the needs of the globalised economy of the 21st Century and that trade liberalisation under WTO rules is a dynamic force for accelerating growth and development. Ministers also agreed that better communication of the importance of the WTO in fostering growth in the global economy would broaden support for further trade liberalisation.
18. Ministers reiterated their commitment to building the capacity of developing economies to implement WTO agreements and to more fully participate in the multilateral trading system. They endorsed the strategic APEC plan as a basis for concerted action to enhance capacity for full participation in the WTO and agreed on the importance of implementation as early as possible. They welcomed the fact that this strategic plan was tailored to offer specific programmes to respond to individual needs. They also decided that both developed and developing members would prioritize as appropriate the plan in the developmental programmes, and that priority should be given in allocating the APEC TILF fund to finance possible programmes in accordance with the established TILF approval process. Ministers also decided that members would pursue collaboration with relevant international organizations such as the World Bank and the Asian Development Bank in implementing this plan.
19. Ministers reaffirmed their strong commitment to the launch of a new round of multilateral trade negotiations at the earliest opportunity. They agreed that the successful and expeditious launch of a new round requires an agenda that is balanced and sufficiently broad-based to respond to the interests and concerns of all WTO members. With this in mind, they called on delegations in Geneva to agree on an agenda in 2001 and urged all WTO members to muster the political will and exercise flexibility. Ministers also commended the confidence-building measures adopted in the WTO, including those on market access for least-developed countries and those addressing concerns over aspects of the implementation of WTO agreements. They committed to seriously address all issues relating to implementation.
20. Ministers reaffirmed that the concerns of developing economies should be addressed through enhanced attention to the effective implementation of special and differential treatment and ongoing support for capacity building and technical assistance, so as to facilitate their ability to participate fully in the WTO.
21. Ministers welcomed the commencement in Geneva of the mandated negotiations on agriculture and services. Acknowledging the agreement reached by Ministers in Auckland last year concerning the negotiations on agriculture and services, they encouraged meaningful progress in these areas.
22. Ministers noted APEC's expertise in the areas of services and supported efforts to use that expertise to add impetus to the negotiations. They agreed on the importance to business of continuing to advance trade facilitation measures, including through the work of WTO services bodies. Ministers also recognized the contribution economic and technical cooperation could make to the WTO services negotiations.

23. Ministers urged all WTO members to contribute positively to the WTO preparatory work on industrial tariffs and other related areas, as part of the preparation for a new round, without prejudice to the overall agenda for negotiations.
24. Ministers reaffirmed their commitment to the APEC-wide moratorium on the imposition of customs duties on electronic transmissions until the next WTO Ministerial Conference. They acknowledged the importance of avoiding unnecessary measures restricting the use and development of electronic commerce and called for the establishment of an *ad hoc* analytical taskforce in the WTO that would examine how WTO rules are relevant to the evolution of electronic commerce.
25. Ministers noted the outcomes of the seminar that has been held in Peru to aid mutual understanding of investment and competition policy and welcomed the seminar to be held in the Philippines in November. They also noted APEC's existing analytical work on these issues.
26. Ministers also welcomed the offer by China to host a seminar on the implementation of TRIMS in September 2001.
27. Ministers welcomed the substantial progress that had been made in the WTO accession negotiations for China and urged the rapid completion of its accession negotiations. They also reiterated support for rapid accession to the WTO by Chinese Taipei and the advancement of the accession processes for Russia and Viet Nam. Ministers supported an agreement that all acceding economies will participate in some capacity in a new round of WTO negotiations.
28. Ministers noted the progress that has been made in compiling a database on existing sub-regional trade agreements and bilateral investment treaties.
29. Ministers agreed that sub-regional and bilateral trade agreements should serve as building blocks for multilateral liberalisation in the WTO. They considered it essential that the existing and emerging sub-regional and bilateral trade agreements be consistent with WTO rules and disciplines. They believed that these agreements should be in line with APEC architecture and supportive of APEC goals and principles.

Open Economies Delivering to People: APEC's Decade of Progress

30. Ministers endorsed the report *Open Economies Delivering to People: APEC's Decade of Progress* prepared by Australia for the APEC Economic Leaders Meeting. The report concluded that by adopting open economic policies, combined with measures to improve international competitiveness and strengthen economic governance, APEC economies had achieved not only strong economic growth, but also substantial improvements in the lives of the people of the region. Ministers took particular note of the substantial inroads in alleviating poverty and creating large number of jobs during the past decade of open economic policies in the APEC region. Ministers also acknowledged that managing economic change required structural adjustment strategies including, where appropriate, the development of social safety nets.
31. Ministers concluded that the continued pursuit of open economic policies was essential to meet the aspirations of the people of the region and that APEC was well placed to help its members pursue open economic policies. Ministers therefore instructed officials to intensify work in relevant fora to assist economies pursue open economic policies, including with respect to institutional capacity-building and adopting strategies to manage change.

Strengthening the Functioning of Markets

32. Ministers welcomed the significant contribution that APEC was making towards strengthening the functioning of markets in the region. They recognised that strong markets were a necessary complement to trade and investment liberalisation and facilitation in the pursuit of sustained economic growth. They also noted that the advent of the new economy had only served to underscore the importance of efficient, competitive and dynamic markets.
33. Ministers commended the progress report on the *APEC Road Map on Strengthening Markets*. The report was able to bring into focus APEC's substantial collective and individual efforts in addressing important market fundamentals. Further to these efforts and the elements of the *Road Map* that were identified in Auckland, Ministers endorsed:
- the *Cooperative Initiative on Regulatory Reform* being organised jointly with the OECD and aimed at building the capacities of economies to implement the *APEC Principles to Enhance Competition and Regulatory Reform*.
 - the *Cooperation Framework for Strengthening Economic Legal Infrastructure*, which will initially focus on the areas of corporate law, competition policy as well as capacity and institutional building to develop good regulatory systems. The *APEC Symposium on Strengthening Economic Legal Infrastructure* held in Jakarta in July 2000 and co-organised by Indonesia, Japan and Australia provided the genesis for the Framework.
 - the *Cooperation Program* in the area of *SME and New Business Support* based on the Evolving Cooperation Initiative, following two workshops held in Tokyo and Taipei in September 2000.
 - the proposal to invite the Pacific Economic Cooperation Council (PECC) to develop ideas which APEC may consider furthering its work on improving economic and corporate governance in the region. In doing so Ministers commended the progress in the APEC Finance Ministers' *Initiative on Corporate Governance* and noted that future proposals should take into account the ongoing work in that forum.
34. Ministers also commended the progress APEC had made in implementing specific elements of the Road Map. Of particular note were the efforts being made to develop seamless and safe transportation systems, which were of importance for trade and the provision of basic services in the region. As such, Ministers welcomed the progress in implementing the recommendations for more competitive air services on a voluntary basis, including the proposals on widening and deepening the measures within APEC as well as a plurilateral arrangement among five like-minded economies to liberalise air services. Other initiatives included the seminar on *Strengthening Human Resources Development for Structural Reform* held in September 2000, hosted jointly by Japan and Brunei Darussalam on the issue of *Aligning Human Resources Development with Advancing Industrial Structure* and the *APEC Workshop on Public Sector Management*, organised by New Zealand and held in Singapore in May 2000, which provided a useful forum to exchange views and experiences on improving public sector effectiveness.
35. Ministers noted that increasingly APEC's work on strengthening markets needs to address the challenges of building relevant market infrastructure and institutions as well as strengthening human capacity. Ministers therefore instructed officials to report further progress on the Road Map in 2001, concentrating on these challenges and taking into account the new initiatives and proposals.

Economic and ECOTECH issues*SOM Sub-Committee on Economic and Technical Cooperation (ESC)*

36. Ministers endorsed the SOM report on ECOTECH and its recommendations and conclusions. In advancing the APEC ECOTECH Agenda, Ministers stressed that ECOTECH projects should be more focused and properly prioritised. Ministers instructed the ESC in 2001 to develop further the Joint Activities/Dialogue sections of the OAA guidelines, building upon the review of the implementation of such guidelines. In re-affirming the importance of ECOTECH in achieving the Bogor Goals, Ministers called for a more focused and intensified action agenda. In this regard, Ministers instructed officials to consider the possibility of establishing IAPs on ECOTECH.
37. Recognising the need to improve project coordination, Ministers welcomed the establishment of the *ECOTECH Clearing House* and endorsed the revision to the *ECOTECH Weighting Matrix*. Ministers encouraged APEC fora to use the Clearing House electronic notice board facility to coordinate ECOTECH projects. Ministers also called for widening the participation in the ECOTECH projects and emphasised that the ESC should assume a more important role in APEC. In this regard, they instructed officials and APEC fora to communicate and publicise the benefits that APEC projects have brought to the quality of life of the people in the region, citing the publication on *Making APEC Matter More to People Through ECOTECH* as an example.
38. Ministers welcomed a report on the Regional Integration for Sustainable Economies (RISE), and committed to seek greater private sector involvement, as it would continue in China and Indonesia, and expand to cities in other economies.
39. Ministers welcomed the efforts to revitalise the *APEC Education Foundation* and urged economies to participate actively in the Foundation.

Economic Committee (EC)

40. Ministers endorsed the *Economic Committee's Report to Ministers for 2000* and noted the outcomes from the symposia organised by the EC for its research projects. They also welcomed the EC's report on the *Impacts of Higher Oil Prices on APEC Economies* and instructed the EC to continue to study this issue and to include the findings in the *2001 APEC Economic Outlook*.
41. Ministers endorsed the *2000 APEC Economic Outlook*. The report confirmed that the Asian crisis has been contained and that economic recovery was more prevalent in the APEC region. Ministers also endorsed the *APEC Economies beyond the Asian Crisis* report, which highlighted the major challenges of the new economy. Ministers further endorsed the *Towards Knowledge-Based Economies in APEC* report and its recommendations to establish a *Knowledge Clearing House*, to produce a menu of *Igniting Policies* for triggering the transition to KBE, and to include *KBE Status Indicators* in the *APEC Economic Outlook*. Ministers instructed the EC to identify recommendations that can be implemented through collective action and develop detailed plans of implementation in cooperation with APEC Secretariat and report to Ministers in their next meeting.

New Initiative on Human Capacity Building

42. The emergence of the new economy has created a new dimension for human capacity building. In this regard, Ministers reaffirmed the importance of human capacity building and instructed senior officials to prepare a human capacity building strategy that would define the objectives, priorities and principles for APEC to respond to the challenges of the new environment.
43. To support this process Ministers agreed that a special coordinating group of HRD representatives led by the ESC be established to share information towards improving the coordination and efficacy of APEC's human capacity building efforts as recommended by SOM. In particular, Ministers endorsed the recommendation to improve the reporting and public outreach of APEC's efforts in human capacity building by tasking the Coordinating Group to prepare annually a report on Human Capacity Building to Leaders and Ministers. Ministers welcome Brunei's offer to provide assistance for the publication of the first annual report.
44. Ministers acknowledge the significance of accelerating the adoption of information and communication technology (ICT) across the APEC fora in order to take advantage of the new opportunities and contributions it brings to delivery of education and training as well as in other aspects of capacity building. The work on human capacity building in the APEC region can be strengthened and be made more effective through the development of mechanisms to enhance partnerships among all stakeholders including business and workers. In this regard, Ministers encouraged APEC working groups to engage relevant non-government representatives and instructed officials to seek appropriate ways to engage them. Ministers welcomed the efforts by Brunei Darussalam and China to advance this initiative.

APEC Forum on Shared Prosperity and Harmony

45. Ministers welcomed the successful hosting of the *APEC Forum on Shared Prosperity and Harmony* held in Korea in 31 March – 1 April 2000. Among others, the Forum discussed measures to avoid recurrence of economic crisis and to bridge the economic and social disparity among economies. Ministers also welcomed the initiatives arising from the Forum and instructed officials and relevant fora to review them for implementation, as appropriate.

Sectoral Ministerial Meetings

46. Ministers welcomed the outcomes from the 2nd APEC Education Ministers Meeting (AEM) held in Singapore in April 2000. They agreed that economies should consider the key strategies recommended by the AEM in the development of education systems. Namely, the strategies identified were: (a) importance of IT as a core competency for learning and teaching in the future, (b) enhancement of the quality of teaching and teacher development, (c) cultivation of sound education management and exchanges in education within APEC, and (d) to promote a culture of active engagement among APEC economies in education to forge deeper understanding within the Asia-Pacific community and energise and enrich their continuing efforts for improving education at local and regional levels. Ministers instructed officials to develop an overall workplan in these strategic areas and that the Education Network of the HRDWG would coordinate implementation of the workplan. Ministers noted the decision of the AEM to meet once in every five years. Ministers also noted the progress on the initiative by Australia and New Zealand to identify measures affecting trade and investment in education services in the Asia Pacific region, and instructed officials to finalise the initiative this year including identifying potential areas for cooperation and to report to the MRT Meeting in 2001.

47. Ministers welcomed the outcomes from the Meeting of Ministers of Telecommunication and Information Industry (TELMIN) held in Cancun, Mexico in May 2000, in particular the adoption of the *Cancun Declaration*. Ministers noted the commitments on advancing the Asia Pacific Information Infrastructure (APII), Asia Pacific Information Society (APIS) and on implementation of the Reference Framework for Action in E-Commerce. Ministers also noted the role of TELMIN in promoting pro-competitive environment and cooperation with the business sector in broad areas.
48. Ministers acknowledged that SMEs were important for sustaining economic recovery and that APEC should respond to their needs in supporting the foundations for growth and creating new opportunities. They welcomed the outcomes from the SME Ministers Meeting held in Bandar Seri Begawan, Brunei Darussalam in June 2000 and encouraged APEC fora to advance the interests of SMEs in the areas of HRD, ICT, financing, and strategic alliances. In this context, Ministers instructed officials and relevant fora to develop work programme in these specified areas, and joint with private sector in enhancing SMEs development. Ministers encouraged economies to consider opening up some of their domestic training programmes to participants from APEC economies on a voluntary basis and to include a list of trainers that are available for conducting training across the APEC region. Ministers acknowledged the New Business Partnership Initiative that facilitates commercial linkages between American SMEs and qualified business partners from interested APEC economies, and requested the US further develop the programme during 2001 and report to the SME Ministerial in Shanghai.
49. Ministers noted the outcomes from the first Tourism Ministerial Meeting in Seoul in July 2000 including the adoption of the *Seoul Declaration on APEC Tourism Charter*. In this respect, Ministers instructed officials to develop collective commitment for promoting tourism in the APEC region and report progress in 2001. Ministers also welcomed the deliverables on *Environmentally Sustainable Tourism*, *Establishment of a Tourism Information Network*, and *Tourism Satellite Account*, and instructed the Tourism Working Group to take actions to implement them.
50. Ministers welcomed the message from APEC Energy Ministers in the *Declaration* from their San Diego meeting on the central importance of energy to sustainable development and welcomed their commitment to a new implementation strategy. Ministers also noted the risks posed by oil market volatility to economic development and called for appropriate measures to promote greater long-term market stability in the mutual interests of consumers and producers. In this regard Ministers welcomed efforts by member economies this year to balance oil markets.
51. Ministers noted the report of the Senior Officials and in view of the importance of strengthening energy security in member economies, including achieving greater equilibrium between supply and demand, directed the Energy Working Group to continue its programs to improve the functioning of energy markets; energy efficiency and conservation; diversification of energy resources; renewable energy development and deployment; and explore the potential for alternative transport fuels, to alleviate pressure on the oil market. Ministers also noted the new initiative to develop and share information, on a voluntary basis, on the role that stocks could play as an option to respond to oil market disruptions.
52. In ensuring overall effectiveness of the APEC process, Ministers requested officials to undertake a review on the implementation of initiatives that were endorsed in APEC Sectoral Ministerial Meetings.

Creating New Opportunities

53. The revolution in ICT has transformed the ways of doing business in the region. This new economy presents both developed and developing APEC economies with many new and exciting opportunities for increasing economic growth. APEC has an important and expanding role as a catalyst for the necessary policy frameworks that would enable all APEC economies to maximize the potential benefits of these new opportunities.

New Economy

54. The world economy is experiencing a trade and technological revolution with rapid growth in the Internet, thriving e-commerce and many other changes that are transforming the way business and trade is conducted. The efficiencies from the ICT revolution present many opportunities for both developed and developing economies to achieve higher growth and realise better standards of living without igniting inflation. However, as discussed in the two EC's reports, *Towards Knowledge-Based Economies in APEC* and *APEC Economies beyond the Asian Crisis* to fulfill much of these potential benefits would require an appropriate policy framework that encourages: strengthening the functioning of markets; openness to trade and investment; innovation and new enterprises; sound macroeconomic policy; education and lifelong learning; and the enabling role of information and telecommunications infrastructure. Ministers recognised the importance to the new economy of innovation in the software industry. In this context, they agreed that APEC should promote strong asset management practices to ensure legal and proper use of software and other IP assets by users. Ministers also requested officials to examine ways to enhance interaction among IT professionals, using existing APEC fora.
55. Ministers acknowledged that a digital divide could further widen social and economic disparities across the APEC region, and underlined the importance of ensuring that everyone in the APEC region has access to the opportunities presented by ICT networks. Ministers therefore called for improvement in access to affordable technology. The new economy is primarily driven by the business sector, therefore APEC needs to strengthen its relationship with the business community in ensuring that APEC's work remains relevant. In this regard, Ministers called for a public-private partnership to create digital opportunities and spread the benefits of the new economy throughout all segments of society. Ministers reaffirmed the vital linkages between education and maximisation of the potential of the new economy, stressing that as the region moves ahead no person should be left behind. As part of the efforts to reduce the digital divide, Ministers also reaffirmed the importance for all children in the region to have access to basic education.
56. Ministers welcomed the conclusions reached at the two APEC symposia on venture capital, which were the follow-ups of the endorsed proposal on *Economic Revitalisation through Start-Up Companies and Venture Capital*, held in Chinese Taipei this year and encouraged further work in this area. Ministers instructed officials to coordinate and package the various APEC initiatives that concerned with the new economy for the benefit of synergy. The following initiatives were endorsed by Ministers:
- the US proposal on *Readiness Evaluation Action Partnership*;
 - Chinese Taipei's proposal on *Transforming the Digital Divide into a Digital Opportunity*, of which the phase I will be implemented in 2001;
 - Viet Nam's proposal to develop an *APEC Guide to Enact Legal Framework for Electronic Commerce*;
 - Korea's proposal on *Cyber Education Cooperation*;
 - Brunei's proposal on *Human Capacity Building in APEC- Meeting the needs of the 21st Century*;

- Singapore's proposal on *Use of Information Technology in a Learning Society*;
- Malaysia's proposal on a *Network of Skills Development Centers*; and
- the EC's project on KBE.

Electronic Commerce (e-commerce)

57. E-Commerce is an important element for creating new opportunities that would benefit the communities in the APEC region. In welcoming the ongoing work on e-Commerce, Ministers emphasized the need to make progress in various other aspects such as capacity building, consumer protection, network security, favourable and compatible legal framework, and in the role of e-commerce in trade facilitation to gain full benefit from e-commerce.
58. In pursuing capacity building and helping SMEs to adopt e-commerce, Ministers endorsed a proposal on *APEC-Wide Action Plan to Support Use of Electronic Commerce by SMEs*. They also endorsed a symposium on *APEC High-level Symposium on E-Commerce and Paperless Trading* by China and Australia. Ministers commended the progress made in the *APEC E-Commerce Readiness Initiative* and acknowledged that 20 economies are participating in the initiative using the *APEC Electronic Commerce Readiness Guide*. Ministers encouraged all economies to make use of the results of Readiness Assessments to guide future policies and plan further work to enhance e-commerce readiness in their respective economies. Ministers also commended the efforts by the PECC in bringing together all interested parties to develop a comprehensive approach for training and education needs in e-commerce.
59. Recognizing the need to improve consumers' trust and confidence in e-commerce, Ministers endorsed a work programme leading to favourable as well as compatible legal and regulatory frameworks for consumer protection, electronic transactions documents and signatures across APEC. In this regard, Ministers welcomed work on legal framework for e-commerce and further workshops on e-government, authentication and network security, and current business models.
60. As e-commerce is becoming a mainstream activity across many sub-fora, Ministers urged the need for better coordination and collaboration. In this regard, Ministers instructed officials to work together with the Secretariat in updating the inventory on e-commerce activities and consider widening the scope of APEC's e-commerce work programme taking into account the relevant recommendations by the Electronic Commerce Steering Group (ECSG). Ministers also urged economies to promote participation of private sector in establishing interconnection and interoperation among the existing Electronic-Data-Interchange (EDI) systems respectively in each economy.

Making APEC Matter More

61. Ministers welcomed the efforts in 2000 to provide focus on the tangible benefits that were accruing to the people of the region. Through the overall theme, *Delivering to the Community*, APEC has ensured that its work program is more relevant and meaningful to its stakeholders.

Interaction with the Community

APEC Public Outreach/Communicating the Benefits of Trade Liberalisation

62. Communicating the role of APEC and the benefits of trade liberalisation remains a key collective and individual task. Conscious of wider public interest in the work of APEC, Ministers also endorsed the establishment of an Ad-Hoc Study Group of Officials on APEC

Interaction to consider how best to benefit from the interests, expertise and insight of our communities and requested Brunei Darussalam to lead the group. Recognising the importance of outreach activities, Ministers also noted the SOM's recommendations to Ministers for APEC to develop effective communication and outreach strategy with the assistance of an independent expert.

63. Recognising that close liaison with the private sector and other groups remains an important tool for achieving outcomes that are meaningful to our communities, particularly to business, Ministers instructed officials to enhance interaction of APEC with the business community and other relevant stakeholders, where appropriate, as exemplified by the hosting of the *SME Business Forum* and *E-Trade Fair* parallel to the SME Ministerial in Bandar Seri Begawan.

BizAPEC.com

64. In view of the vast potential of E-commerce to promote and facilitate trade in the APEC region, Ministers welcomed and commended the development of the *bizAPEC.com* website, under the initiative of the *Improved APEC Internet Services for Business* and instructed officials and economies to publicise, maintain and update the website.

Dialogue with APEC Business Advisory Council (ABAC)

65. Ministers welcomed the ABAC Report to Leaders, *Facing Globalisation the APEC Way*, and its two major themes stressing the need to stay on track with the Trade and Investment Liberalisation and Facilitation agenda and the importance to be placed on giving substance to capacity building. Ministers also noted ABAC's emphasis on building stronger financial systems at the regional as well as national levels and agreed on the importance of sectoral government-business dialogue, as exemplified by the APEC Automotive Dialogue and the newly launched Chemical Dialogue. Ministers welcomed ABAC's overall emphasis on outreach. Ministers appreciated ABAC's continued support and encouragement, and instructed officials to review the implementation of ABAC's recommendations including the submissions this year.

Social Impact of the Crisis

66. Ministers reiterated the importance of supporting the poor and vulnerable segments of the communities that were affected by the crisis and by the process of economic restructuring. In this respect, Ministers endorsed a proposal on the *Revitalisation of Social Safety Net Activities in APEC* by Korea and Thailand. They also agreed to establish an Ad-hoc Task Force on Strengthening APEC Social Safety Net for reviewing APEC's activities on social safety and forward recommendations to Ministers in 2001.
67. Ministers noted the further work by various APEC fora to strengthen social safety nets and to reduce the adverse impacts of the Asian crisis. This includes the establishment of the Australian-Thailand *Social Protection Facility* that focuses on providing capacity building assistance for the development of social policy and programme delivery. Ministers also noted the successful hosting of the *Third Regional Forum on Pension Fund Reform* held in Thailand in March 2000. The forum deliberated on the integration of social security, pension and provident funds as well as supervisory and regulatory matters. Ministers also welcomed the synthesis, submitted by Canada, of the report *The Poor at Risk's Economic Crisis in Southeast Asia*.

Framework for Integration of Women

68. Ministers also recognised the significant contribution of women to economic development in the APEC region, particularly in the SME sector and endorsed the first SOM report on

Implementation of Framework for the Integration of Women in APEC noting the significant progress in the implementation of the Framework. Ministers commended the *Gender Information Sessions* held in several APEC fora and instructed other APEC fora that have not held a Session to request one. In view of the fact that further work was needed to enhance women's participation in the APEC process, Ministers tasked APEC fora and encouraged economies to fully implement all the recommendations of the SOM and more broadly to implement the *Framework*.

Youth

69. Ministers recognised the importance of youth as stakeholders in APEC and encouraged further promotion of their involvement by networking and strengthening their relationship through APEC activities. Ministers noted the *Bangkok APEC Youth Statement*, a key outcome from the forum *APEC Youth Networking: Youth Preparation for the APEC Society in the Next Millennium*, held in Bangkok in July 2000. Ministers noted the outcomes of the *APEC Conference on Eliminating the Worst Forms of Child Labor and Providing Educational Opportunities for Youth* held in Bangkok in October 2000, which included the recognition that child labour limited access to basic education. Ministers also noted the success of the 2nd *APEC Youth Science Festival* and welcomed the *APEC Youth Festival* that would be held in China in mid 2001. Ministers welcomed the successful hosting of the First APEC Youth Skills Camp in September 2000 in Ulsan, Korea. They also welcomed the *Town Hall Session with APEC Young Entrepreneurs*, held in Bandar Seri Begawan in June 2000 and a similar *Session* that would be held during the Leaders' Meeting in November. Ministers further welcomed the first *APEC Young Artists' Exhibition* that would be held during the APEC Business Summit and Canada's initiative to develop the *APEC Site for Kids - A Youth Outreach Initiative*.

APEC Food System (AFS)

70. Ministers welcomed and endorsed the SOM report on the implementation of the AFS. They reaffirmed the importance of addressing the three areas of the AFS on rural infrastructure development, promotion of trade in food products, and dissemination of technological advances in food production and processing. Ministers encouraged economies and tasked fora to give priority to implementing the AFS recommendations through intensified activities in their areas of responsibility, and to provide reports annually on progress in implementation of the AFS recommendations.

Biotechnology

71. In recognition of the huge potential of biotechnology to contribute to food security through increased production, and to the development of sustainable farming practices, Ministers stressed the continuing importance of transparent and science-based approaches to risk assessments and risk management in the introduction and use of biotechnology products. Ministers recognised the importance of safe introduction and use of biotechnology products, and agreed that the development and application of biotechnology should take into consideration WTO rules, as well as consumers' interests in food safety and environmental quality. Ministers instructed the Agricultural Technical Cooperation Experts Group (ATCEG) to implement further technical cooperation programmes in biotechnology, including capacity building and exchange of information and to report on progress at the MRT Meeting in 2001. Ministers also encouraged close cooperation with other international fora and voluntary bodies, as appropriate, to enhance consumers' awareness on the benefits and risks of biotechnology products to facilitate the realisation of the potential benefits of this technology.

Other Issues

Management Issues

Management Review

72. Ministers endorsed the SOM Chair's Report on the Review of APEC's Management Process and all its recommendations, particularly the *Criteria for the Establishment of New APEC Fora*, the *Mechanism for Delivering for Developing Greater Links Among APEC Fora* and their work programmes. Ministers also noted the achievement of the three-year management review process, led by Brunei Darussalam, New Zealand and Malaysia, including implementation of measures endorsed during the process. Ministers also noted the conclusion of the three-year management review process. They further noted the SOM's decisions to improve the management process and requested the SOM to continue streamlining APEC process on an ongoing basis.
73. Ministers noted the renaming of the Infrastructure Workshop (IWS) as Group on Economic Infrastructure (GEI). They also agreed to rename the ATCEG as Agricultural Technical Cooperation Working Group (ATCWG), and the PLGSME as Small and Medium Enterprises Working Group (SMEWG).

2001 Budget

74. Ministers endorsed the SOM Chair's Report on Budget Issues and approved the 2001 budget of US\$7,661,920 and contribution of US\$3,338,000 from member economies to the APEC Central Fund.
75. Ministers delegated authority to the Budget and Management Committee (BMC) to approve for immediate implementation of, but subject to satisfying the usual criteria and bearing in mind the need to maintain long-term budget sustainability, urgent projects that have not been submitted to Ministers/Officials for inclusion in the annual operational budget, and to make use of the uncommitted reserves accrued after June/July for urgent projects under the Operational Account.

APEC Secretariat

76. Ministers endorsed the report of the Executive Director of the APEC Secretariat and welcomed the Secretariat's offer to work with the BMC on the APEC budget cycle, and appreciated the work and assistance of the Executive Director, Ambassador Serbini Ali and his staff.

Statement by Observers

77. Ministers noted the statements by the ASEAN Secretariat, PECC and Pacific Island Forum.

APEC 2001

78. Ministers thanked China for the briefing on preparations for the 13th APEC Ministerial Meeting and the Ninth APEC Economic Leaders Meeting in China on October 2001.

Future Meetings

79. Ministers thanked Mexico for the update on preparations for the 14th Ministerial Meeting in 2002. Thailand will host the Ministerial Meeting in 2003, to be followed by Chile in 2004 and Korea in 2005.

SECOND APEC EDUCATION MINISTERIAL MEETING

**Singapore
7 April 2000**

JOINT STATEMENT Education for Learning Societies in the 21st Century

INTRODUCTION

1. Education Ministers and senior education officials (*hereinafter referred to as "the Ministers"*) from the Asia-Pacific Economic Cooperation (APEC) member economies met in Singapore from 6 to 7 April 2000. This was the second meeting of the Ministers. They came together at the suggestion of the APEC Leaders who, in Vancouver, Canada, in 1997, welcomed the holding of a Ministerial Conference on Education in Singapore. The Education Ministers last met in August 1992 in Washington DC.
2. Following the recognition by APEC Leaders at their meeting in Auckland in September 1999 of the importance of cooperation in human capacity building, the Ministers acknowledged that education will increasingly be a key contributor to the economic and social well-being of member economies. Education will assist APEC in achieving one of its aims, which is to develop more effectively the human and natural resources of the Asia-Pacific region so as to attain sustainable growth and equitable development of APEC economies. Education will help APEC to prosper and flourish as knowledge economies in a globalised world and advance the dynamism of member economies.
3. The Ministers noted the symbolic significance of this meeting, which took place at the start of a new millennium. Education in the 21st century will be the determining factor in shaping the way we live, the values our societies wish to preserve and the levels of success each of our economies within APEC will strive for and maintain.

THE NEW TOMORROW

4. The Ministers acknowledged that the world is now truly the global village it was once envisaged to be. Economies have become more inter-connected and interdependent, and this will continue to be more so in the future. In the new millennium, technology and information networks will continue to re-orientate how economies communicate with each other.
5. The Ministers observed that the new century will be marked by rapid social and economic change, brought about largely by advances in science and technology. The knowledge-based economy will see the rise of new businesses and industries. In such a world, knowledge and its effective application will become the important assets for economic and social advancement. Education must equip the workforce with relevant knowledge and skills for the new economy and society of the 21st century.

6. The Ministers recognised the vital role students and youth could play in contributing to the better future of tomorrow. Their needs and interests should, therefore, continue to be the prime concern of education providers. Opportunities should continue to be provided for them to play a role in the education development process.

“EDUCATION FOR LEARNING SOCIETIES IN THE 21ST CENTURY”

7. The Ministers agreed that the theme for the 2nd APEC Educational Ministerial Meeting, “Education for Learning Societies in the 21st Century”, speaks of the APEC’s aspiration of providing education for all, for life. The Ministers also affirmed the importance of promoting education as a means for personal fulfilment.
8. In the 21st century, these goals are best realised in a learning society. A learning society prepares its people to embrace change. A learning society is forever learning, evolving, creating and acting upon what is important. Lifelong learning will be the characteristic of this society. As formal pre-employment education continues to be important, continual re-training and upgrading of knowledge for adult workers to develop themselves will also become paramount. With lifelong learning, individuals will be able to better contribute to their communities and work-places. A learning society therefore is an important factor in the continual well-being of its people and the advancement of its community.
9. Ministers affirmed the important role education can play in shaping a learning society. In the new millennium, education will focus increasingly on developing intellectual capacity, not only in terms of the mastery of content but in processing, adapting, applying existing information, and, more importantly, in creating new knowledge. Education provides individuals the access to knowledge and the means to develop their potential. In particular, high standards in literacy, mathematics, science and technology provide the necessary foundation needed for the new global economy. In this inter-connected world, where knowledge and understanding of the languages and cultures of other communities is an asset and a way of life, the learning of foreign languages can help our people unlock new doors of information and opportunities. Education can help learning societies sustain and enrich cultures, and build mutual respect and understanding that transcends cultural differences. Globalisation presents opportunities for education to play a role in helping people communicate and co-operate in the new world. Education in the 21st century must also continue to instil in the young fundamental individual, social and community values in the new globalised future.

THE USE OF INFORMATION TECHNOLOGY IN A LEARNING SOCIETY

10. The Ministers acknowledged the importance of information technology (IT) in a learning society. They recognised the immense potential IT has to better prepare students for the future as well as provide opportunities for adults to continue learning. IT offers new and innovative modes of learning at all educational levels. IT can also facilitate greater long-distance research collaborations and distance learning, and the Ministers agreed to encourage these activities and studies on the implications of the advent of “education without frontiers” among the APEC member economies. IT in education will be a key strategy to meet the needs of the knowledge-based economy.
11. The Ministers recognised the challenges faced in introducing IT into education. These include: identifying clear goals for an IT programme; managing resources and stakeholders; equipping teachers with the attitude, knowledge and skills; designing

instruments to evaluate the effectiveness of using IT in education and; formulating policies and programmes to bridge the “digital divide” among economies and among members within each economy so that all can keep pace with the rapid developments of technology. The Ministers appreciated the importance of guiding students in the use of new technology in education, so that cultural and moral values are strengthened and support the holistic goals of education. While it is possible for each economy to develop IT programmes on its own, the Ministers agreed that there is much to be gained from working collaboratively.

IMPROVING TEACHING SYSTEMS

12. The Ministers acknowledged that the teacher lies at the heart of education. The teaching profession should enjoy respect within society, so that the profession will continue to draw able and committed individuals to it and teachers can perform their roles more effectively. Teachers help develop in their students the desire and ability to excel and to pursue life-long learning, a sense of moral responsibility, their own cultural identity, respect for other cultures and ethnic groups and a responsible attitude towards the well-being of their family, society and the world. In the classroom of the future, the teacher will face the challenge of striking a right balance between the more traditional role of delivering structured, content-based lessons and the role of facilitator to encourage open, independent learning.
13. Teacher preparation is key to equipping teachers at all levels to adapt their new roles as facilitators of learning. Teacher development is a life-long process comprising both pre-service training and continual professional development. Ministers recognised that theory and practice must be integrated in pre-service training, and that teachers must be actively involved in their own career-long professional development. The Ministers also welcomed the efforts of economies to train teachers to effectively integrate technology into the classroom. They noted that APEC economies are increasingly concerned with developing fair, valid, timely and cost-effective means to assess the quality of teaching, as teaching is both an art and a science.

REFORMING EDUCATION MANAGEMENT SYSTEMS

14. The Ministers acknowledged that all sectors within APEC economies should have access to an affordable education. Effective school leadership and management of education systems and the requisite resources must be set in place so that all students can benefit from quality education suited to their needs and abilities.
15. The Ministers agreed that the monitoring and evaluation of outcomes will be an essential component of education management systems, especially with the new educational objectives of the 21st century. Using data at the school, system, and global levels in a continuous improvement process would be an essential part of a quality education management system.
16. An education system is only as good as its individual schools. A good monitoring system should be developed to ensure that education policies and reforms are effectively translated at the school level. This could be done, for instance, through school appraisal systems that are aligned with the desired outcomes of education. At the systemic level, education management systems should be focused on achieving efficiency, effectiveness and equity. Quality assurance systems should be developed to ensure that good

standards of school management lead to good learning outcomes. At the global level, the introduction and comparison of educational indicators will be helpful tools in facilitating comparisons and learning across education systems.

17. Principles and practices similar to those outlined above should be applied to educational institutions at all levels.

ENHANCING THE COOPERATION AND EXCHANGE OF PEOPLE AND EXPERTISE

18. The Ministers noted that, in the globalized future, economies will no longer develop their education systems in isolation. Global economic and social trends will have an impact on the development of education systems. The diversity of the various member economies makes APEC an ideal platform for the exchange of information, ideas and expertise as economies seek to overcome similar challenges. The advent of technology increases the opportunities and modes available for such exchanges. The Ministers encouraged greater exchanges and interactions among economies at all levels – education planners, academics, teachers, and students – both physically and through virtual means facilitated by IT. The Ministers recognized that while exchanges could be facilitated through electronic means, there was no replacing the value of people -to-people exchanges.
19. To promote better interaction and understanding within the Asia-Pacific, the Ministers welcomed the focus on increasing youth exchanges between member economies. They hope that, through these exchanges, the peoples of the region will come to better appreciate the rich diversity, the many strengths and the synergy of a region seeking to enter the new millennium in harmony.

ACKNOWLEDGING APEC ACTIVITIES AND NEXT STEPS

20. At the 1st AEMM, the Ministers called for greater co-operative action in education among member economies and established the APEC Education Forum (EdFor) for this purpose. The Ministers agreed that the EdFor had achieved the goal of closer collaboration in education. They pledged their continuing support for the EdFor's initiatives and programmes in the areas of high quality instruction in key subject areas, monitoring performance in education, and mobility of persons and exchange of information for human resources development. The EdFor should continue to co-ordinate joint activities in the field of education and pursue projects of mutual benefit to economies in the region.
21. In recognition of the need to constantly adjust the focus of education efforts to prepare for an ever-changing future, the Ministers acknowledged the decision by the 21st Meeting of the APEC Human Resource Development Working Group (HRD WG) in January 2000 to rename the APEC Education Forum as the APEC Education Network (EDNET). This network would foster strong and vibrant learning systems across APEC economies, promote education for all, and strengthen the role of education in promoting social, individual and economic development. The Ministers also noted the rationalisation of the APEC HRD WG into a three-network structure, one of which is the EDNET.
22. To realise the vision of education for learning societies in the 21st century, the Ministers agreed to recognise the achievements made and continue their support for efforts to promote collaborative action in education. Examples of existing efforts are shown in Annex A.

23. The Ministers recognised that, in the new century, the Asia-Pacific region will face new opportunities and confront unique challenges in all areas, including education. These opportunities and challenges have to be managed actively in order to realise our people's hope for life-long self-improvement. Education must play a critical role in preparing students for the new future, to be successful and responsible global citizens who can contribute to the social and economic progress of their community and the world. In response, the Ministers have identified four strategic areas as the next steps in transforming their education systems to become the foundation and impetus for "Learning Societies in the 21st Century":
- a. acknowledge the importance of IT as a core competency for students of the future and access and harness the potential of IT to enhance teaching and learning and stimulate life-long learning;
 - b. enhance the quality of teaching and teacher development so that the teacher becomes the model of the learning individual in the new learning society;
 - c. cultivate sound management practices among policy-makers and practitioners in education to ensure the achievement of access, affordability and quality of education to all and in ways that remain relevant and responsive to the needs of different groups in a learning society; and
 - d. promote a culture of active engagement among APEC member economies in education to forge deeper understanding within the Asia-Pacific community and energise and enrich their continuing efforts for improving education at local and regional levels.
24. To realise the four strategic areas, the APEC Education Ministers endorsed and supported the examination by EDNET of initial activities in the following areas:
- a. physical and/or virtual exchanges, networks and programmes to encourage and enhance the sharing of ideas, experiences and best practices on the use of IT in education;
 - b. sharing of effective teaching and teacher development practices; and
 - c. exchanges of information and expertise to encourage sound education management practices.

Initial activities for examination are shown in Annex B.

REGULAR APEC EDUCATION MINISTERIAL MEETINGS

25. Ministers further agreed that a workplan (including a timeline, project details, and expected results) should be developed for projects in the strategic areas agreed to at the 2nd APEC Education Ministerial Meeting. The workplan will be co-ordinated with the overall efforts of the HRD Working Group. The workplan will be developed and updated regularly at EDNET meetings, and members will report annually to education ministers on progress made in these strategic areas.
26. As their collective commitment to developing learning societies in the 21st century, the Ministers declared their intent to meet once every five years. These meetings will review the progress of joint initiatives, survey current trends that will impact upon education

within the APEC region and allow the Ministers to chart future visions and directions for cooperation in education. Under the umbrella of regular Ministerial Meetings, education officials and practitioners could engage in regular dialogues and exchanges. The Ministers agreed that the details and host of the next AEMM will be discussed by officials in the APEC EDNET.

APEC ECONOMIC LEADERS' MEETING IN BRUNEI DARUSSALAM

27. The Ministers requested that Singapore report on the Education Ministerial at the APEC Economic Leaders' Meeting in Brunei Darussalam on 15–16 November 2000.
28. The Ministers expressed their appreciation to Singapore for its hospitality and excellent work as host of the 2nd APEC Education Ministerial Meeting.

Annex A

EXAMPLES OF EXISTING APEC EDUCATION ACTIVITIES AND PROJECTS

1. The establishment of the APEC Study Centres Consortium in APEC member economies to promote cooperation in higher education and research, and facilitate cultural and intellectual exchanges in the Asia Pacific region.
2. The project entitled “Exchange of Education Professionals among APEC Member Economies” by the Republic of Korea to encourage cross-cultural comparison of open learning systems to enable decision-makers and educationists to undertake better policy planning in and implementation of open learning.
3. The establishment of APEC Regional Education Hubs and the award of scholarships in Singapore and the Republic of Korea to help contribute to the collective learning and community building of APEC members. Economies are encouraged to continue to set up hubs in their educational institutions.
4. The conduct of a project for APEC economies to share experiences and views on the “Integration of Information and Communication Technologies through Teacher Professional Development”.
5. The conduct of an APEC survey titled “Achieving High Performing Schools” which focused on the measurement and use of data for school improvement.
6. The APEC Youth Networking project coordinated by Thailand which seeks to increase understanding of the youth within APEC through a series of activities.
7. The 2nd APEC Youth Science Festival, which will be held in Singapore in July 2000, to bring together about 1,000 students and educators from the APEC economies for a week of science activities and cultural exchange.
8. APEC also convenes events and conferences for educationists in the APEC region to encourage the mutual sharing of ideas and expertise on a regular basis.

Annex B

LIST OF INITIAL ACTIVITIES TO BE EXAMINED BY EDNET TO PROGRESS THE FOUR STRATEGIC AREAS IN PARA 23 INCLUDE:

1. Physical and/or virtual exchanges, networks and programmes to encourage and enhance the sharing of ideas, experiences and best practices on the use of IT in education.
 - a. exchange or attachment programmes for educators to study IT in education implementation strategies and allow for mutual sharing of information on the use of IT for education;
 - b. a web portal to a repository of information on technology planning and evaluation;
 - c. a network of IT centres of excellence to provide opportunities for the learning and strengthening of the use of IT in education in APEC; and
 - d. an APEC Youth IT Volunteer programme to promote the use of IT in the region.
2. Sharing of effective teaching and teacher development practices.
 - a. a series of information-sharing activities across member economies on models of effective teaching and teacher development practices; and
 - b. a web-based professional development programme for teachers from APEC economies to share examples of and discuss student work, thus encouraging reflective practice and information exchange.
3. Exchanges of information and expertise to encourage sound education management practices.
 - a. a commitment by APEC educationists for APEC to be a forum for research exchanges and to share and learn from one another in the area of education management schemes and systems; and
 - b. a database of key APEC educational indicators maintained by the APEC EDNET to provide benchmarks for progress and achievements in education management systems.

FOURTH MEETING OF APEC ENERGY MINISTERS

**San Diego, California, USA
12 May 2000**

DECLARATION Turning Vision into Reality

APEC Energy Ministers met for the fourth time in San Diego, California, 12 May 2000, to discuss regional energy cooperation and the role of energy in meeting APEC's goals in the 21st Century.

Message to APEC Economic Leaders:

Under the theme of "Turning Vision into Reality" Ministers committed to the implementation of energy initiatives on a voluntary basis, taking into consideration the different stages of development of APEC member economies, endorsed a new implementation strategy, and agreed to send the following message to APEC Economic Leaders.

1. *We, APEC Energy Ministers, meeting on the eve of the new millennium, convey our conviction to make the best effort for the simultaneous pursuit of economic growth, energy security and environmental protection, recognizing that energy is central to maintaining the region's economic recovery, building the region's economic and social future, strengthening the marketplace, and promoting clean and sustainable development.*
2. *Over the past few years we have endorsed energy policy and regulatory initiatives that provide sound guidance for sustaining the momentum for reform, creating the conditions under which private capital can flow and energy can contribute to the betterment of peoples' lives, and increasing energy security by creating conditions for providing adequate supplies at reasonable prices.*
3. *We have endorsed technology cooperation initiatives that provide benefits to all citizens, give a human face to development, provide new options for the clean development and use of energy, and contribute to energy security by diversifying the energy mix, improving energy efficiency, deploying new and renewable energy technology, reducing costs, facilitating energy business and trade, and mitigating damages on energy infrastructure after natural disasters, according to each economy's particular circumstances.*
4. *We believe that the time is right to focus on how to implement our initiatives because (1) many of our economies are undergoing energy sector reform and stand to benefit from the shared experiences of other economies in coping with the transition to a more open, competitive markets and (2) rising demand and resulting dependence on oil supplies from outside the region have made energy security a major concern in many of our economies.*
5. *We are also responding to your directions to translate vision into action and to pay more attention to implementation and practical results.*

6. *We commit to implement the Framework for the Integration of Women in APEC, which is a significant step to enhance the ability of women to contribute to and benefit from prosperity of the region.*
7. *We noted the existence of disparities in terms of technical skills, human resources development and business sector capabilities within APEC Economies. We hereby believe that in all our endeavors we must strive to ensure that the disparities among the developed and developing economies should be narrowed in our effort to turn vision into reality.*
8. *We hereby commit to the implementation of our energy initiatives and to better integration of trade and investment liberalization and facilitation goals with mutually supportive economic and technical cooperation goals.*
9. *We also commit to a new implementation strategy, which features a program of implementation facilitation to member economies as requested on a voluntary basis and a system of self-reporting on progress in implementation by member economies to you through the Energy Working Group and the APEC system.*

Energy Initiatives

9. Our implementation commitment and strategy cover the following initiatives which progress and fulfill our directions from the Third APEC Energy Ministers Meeting:

Fourteen non-binding energy policy principles that recognize the need for a common frame of reference and to work together to give impetus to energy policy reform;

Strengthening policy dialogue among member economies on issues such as energy security, energy infrastructure, energy market reform, energy efficiency and energy and the environment;

Asia Pacific Energy Research Centre (APEREC's) Energy Demand and Supply Outlook, which examines energy trends in the APEC region over the 15 year period from 1995 to 2010, greatly fostering member economies' understanding of energy issues and future energy supply and demand trends;

A Manual of Best Practice Principles for Independent Power Producers and a *Natural Gas Initiative*, developed in close cooperation with the business community, that recommends non-binding policy principles and best practices for improving investor and member economy confidence and reducing the risks and costs of financing energy infrastructure development;

An *Environmentally Sound Energy Infrastructure in APEC* initiative that recommends non-binding principles and best practice principles for incorporating good environmental practices into the development of power projects, and is now being broadened to encompass other aspects of energy infrastructure development;

A voluntary pledge and review energy efficiency initiative for improving industrial competitiveness, reducing the environmental impacts of energy production, delivery, and use, and producing energy savings;

A general policy framework for cooperation on energy standards, including support for inclusion of energy efficiency with the mutual recognition

agreements being developed in the APEC region, and establishment of the position of an APEC Energy Efficiency Test Procedures Coordinator to facilitate the implementation of a product-by-product approach to the greater alignment of energy performance test procedures;

Broad technology cooperation programs in energy efficiency and conservation, renewable energy technology, and clean fossil energy;

Close cooperation with the Energy Working Group Business Network and the Energy Regulators' Forum;

The initiation of information sharing on oil markets, which will foster member economies' understanding of oil supply and demand trends and contribute to the enhancement of oil security; timely and accurate data on oil supplies, demand, and inventories can assist the goal of achieving a more transparent, secure, and less volatile oil marketplace;

Close cooperation with the APERC, generously hosted and supported by Japan, on analyses and studies related to energy policy deliberations;

A response cooperation initiative to mitigate damages on energy infrastructure after natural disasters, including earthquakes;

An initiative to advance cooperation in the development and deployment of new and renewable energy technology, especially in developing economies, and to hold an APEC private sector renewable energy forum to promote private sector involvement in the identification and implementation of collaborative efforts under this initiative;

A program to identify best practices for energy services consisting of a series of workshops throughout the region that will provide education on the nature and benefits of energy services and identify appropriate government policies and practices.

The identification of further initiatives to advance our common goal of sustainable development.

Primary Principles in Our Initiatives

10. Our initiatives embody a number of primary principles to guide and assist the development of our individual and collective activities, including:

A common understanding on regional energy issues and future energy supply and demand trends;

Complementary regulatory, institutional and procedural regimes with no impediments to trade and investment in energy infrastructure, products and services;

Open, efficient and competitive markets for energy services and products, both within and among economies;

Energy pricing principles and practices of member economies which: (a) reflect the economic cost of supplying and using energy across the full cycle of energy assets and infrastructure; and (b) have regard to environmental impacts;

Non-discriminatory, transparent and predictable policy, regulatory, environmental and administrative regimes in the energy sectors of member economies;

Cooperation in the development of domestic and intra-regional energy infrastructure and energy trading networks;

Sustainable development through the harmonization of economic development, energy security and the environmental impacts of energy production and use;

Energy supply diversification (including renewable energy) and improved energy efficiency.

Implementation Strategy

11. We commit to an implementation strategy which features:

A program of implementation facilitation under which invited teams will visit economies to share experiences on our initiatives and agreed principles;

A system of voluntary, annual self reports on implementation progress by member economies that will be forwarded to Economic Leaders through the Energy Working Group and the APEC system;

An agreed and consistent reporting framework to be developed by the Energy Working Group that each economy may use.

12. A detailed description of the implementation strategy is attached.

13. Ministers welcomed the opportunity to meet and discuss recent developments in the energy sector and the opportunity afforded by this meeting to give direction to the future of the work of the Energy Working Group. Ministers recognized that clean and sustainable energy policies are likely to remain of paramount importance in the years to come as growing populations, economic development, new technologies, and rapidly changing circumstances present new challenges and opportunities. They directed the Energy Working Group to chart the progress in the implementation of the initiatives mentioned above and to report back to them at the next Ministers' meeting on the effectiveness of the new implementation strategy.

Attachment

IMPLEMENTATION STRATEGY FOR APEC'S ENERGY PROGRAM

Objectives

To integrate APEC's broad and active energy program and make it more effective.

To demonstrate to Economic Leaders the leading role of energy in maintaining economic recovery, continuing the momentum for reform, and building a clean and sustainable future in the region.

To strengthen APEC's ability to simultaneously pursue economic growth, energy security and environmental protection (Economic Leaders' 3E's initiative).

To respond to Economic Leaders' direction to pay more attention to implementation and concrete results, to translate vision into action, and to deliver on commitments.

To respond to Economic Leaders' direction to actively involve the business community.

To more closely integrate trade and investment liberalization and facilitation (TILF) and economic and technical cooperation (ECOTECH) activities and initiatives, in recognition of their close and mutually supportive linkages.

To respond to the great energy security concern of many of our economies by implementing strategies that strengthen energy markets, improve energy efficiency, increase the use of renewable energy, mobilize private capital, promote investment in clean energy sources and production systems and diversify our energy supply.

To promote the implementation of the fourteen non-binding energy policy principles and other agreed initiatives.

To integrate the Framework for the Integration of Women in APEC.

Major Elements

Implementation will be assisted by two major programs: (1) a program of implementation facilitation, as requested on a voluntary basis by member economies; and (2) a system of self-reporting on a voluntary basis by members economies that measures progress in implementation.

It is recognized that the strategy may evolve along with the development of APEC's energy program and initiatives. At a minimum, the strategy will be re-evaluated after three years.

Implementation Facilitation

Many of our economies are considering and undergoing energy sector reform and stand to benefit from the shared experiences of other economies. The comprehensive implementation strategy therefore features shared experiences and assistance for developing the capacities of our economies to cope with the transition to more open, competitive markets.

The APEC Energy Working Group will establish a program under which, as invited by member economies, implementation facilitation teams visit economies to share experiences on our initiatives. Team members are drawn from the Energy Working Group (EWG), the EWG's

Expert Groups, the EWG Business Network, the Energy Regulators' Forum, other designated experts and the EWG Secretariat.

Requests for an implementation facilitation team visit are made by member economies to the Chair of the Energy Working Group. Requests should detail as much as possible what the host economy expects to gain from the visit.

In response to the invitation, the Chair of the Energy Working Group requests that an implementation facilitation team be formed that is appropriate to the needs of the host economy.

In recognition of the close linkages between trade and investment issues and technology issues and the broad nature of the APEC energy program, host economies are encouraged to consider trade and investment requirements as well as technology requirements in offering invitations. For instance, a host economy may request that an implementation facilitation team focus on the best practice and policy recommendations of the Natural Gas Initiative, with their implications for policy and regulatory reform and related technology issues. Alternatively, the host economy may choose to focus on only trade and investment issues or only on technology issues.

Implementation facilitation team visits are planned on an ad hoc basis to ensure that visits meet the needs of volunteer host economies and that the best practices, principles and experiences are presented in a context relevant to the host economy. The preparations for the visit include interactions between the team and the host economy to ensure that the visit team is well prepared and focused and that the needs of the host economy are met.

The implementation facilitation teams are encouraged to emphasize practical applications.

The format and substantive focus for the visit is determined by the host economy; however, emphasis is placed on open and free dialogue between business and government participants, such as are available in a workshop or seminar.

The membership of the team is deliberately kept to a minimum (approximately 5 to 7); however, aware of the objective of building capacity as well as advising governments, host economies are encouraged to open local participation as widely as possible to public and private participants.

A report of the results of the visit is prepared by both the visiting team and the host economy and made available to the Energy Working Group Chair. These reports should include a summary of topics discussed and conclusions drawn. The host economies are encouraged to identify in their reports expected follow-on activities resulting from the visit, as well as the need for possible additional team visits on more specific topics.

Reporting and Measuring Implementation

Economies may measure progress in the implementation of energy initiatives endorsed by Ministers by a system of voluntary, annual self-reports that will be forwarded to Economic Leaders through Energy Working Group and the APEC system.

The self-report is prepared within the context of the 14 non-binding energy policy principles and the other agreed energy initiatives.

The self-report specifically includes progress on the implementation of and issues relating to initiatives on: (1) independent power producers, natural gas and environmentally sound energy infrastructure; and (2) energy efficiency, including the voluntary pledge and review and the harmonization of performance testing standards. The report may also include progress on and issues relating to the implementation of other principles to which Ministers have agreed, such as

on energy security, and to programs on energy technology. The report will be expanded as Ministers endorse other initiatives.

The self-reports should stress short-, medium- and long-term issues and goals related to each initiative and should include, initially, self-identified indicators and benchmarks of progress.

The Energy Working Group will give priority to developing an agreed and consistent reporting framework that each economy may use.

The annual self-reports are made to the Energy Working Group at its September/October meeting, as the basis for a general discussion of implementation progress and issues by the Energy Working Group. The Chair of the Energy Working Group prepares a summary of implementation progress and issues and forwards it along with the individual self-reports to APEC Economic Leaders through the APEC system.

FOURTH MEETING OF APEC ENERGY MINISTERS

San Diego, California, USA
12 May 2000

JOINT STATEMENT ON CLEAN ENERGY AND SUSTAINABLE DEVELOPMENT

APEC Energy Ministers met in San Diego, California on 12 May 2000, to continue cooperative efforts aimed at creating an energy infrastructure for the region that meets their economic, social and environmental goals of the 21st century.

Purpose

This statement reaffirms a commitment to the environmentally responsible development and clean use of energy and recognizes that quality of life benefits flow from the availability of clean, affordable energy.

This statement highlights steps taken and planned to reduce the environmental impact of energy development and use and recognizes integration with goals for economic growth and energy security.

This statement recognizes that the efficient and environmentally responsible development and clean use of energy aids in limiting or reducing greenhouse gas emissions, in particular carbon dioxide.

This statement is a response to the directive of APEC Economic Leaders to translate vision into action and to deliver on commitments.

This statement is cognizant of the APEC Economic Leaders' directive to implement the *Framework for the Integration of Women* in APEC.

Background

Energy Ministers have recognized in three previous meetings that the forecasted growth in energy supply and use will place considerable pressure on the local, regional and global environment. They have agreed that the application of economically sound measures to minimize the adverse environmental impacts of energy production and use is essential to protect the well being of both present and future generations.

Energy Ministers have recognized forecasts showing that fossil fuels (coal, natural gas, and oil) will continue to play a dominant role in the region and that their development and use poses a particular challenge to sustainable development.

Energy Ministers have recognized that there are a wide range of measures available to address the environmental challenge, including improving the efficiency with which energy is produced and used, using techniques and practices that reduce emissions, and switching to more environmentally benign energy sources, including renewable energies. They also recognize the significant role and potential contribution of women in meeting the environmental challenge including the promotion of energy efficiency.

Energy Ministers have agreed to cooperate extensively in research and development, technology adaptation and uptake, and programs related to energy efficiency, cleaner fuels and renewable and alternative sources of energy.

Energy Ministers have recognized the importance of accelerating action to deal with global emissions of greenhouse gases and noted that mechanisms to address this issue are being discussed within the context of the United Nations Framework Convention on Climate Change. To reduce the growth of greenhouse gas emissions, based on the principle of shared but differentiated responsibilities and also considering the different stages of development of member economies, Ministers have recognized the importance of improving energy efficiency, increasing the use of low or non-carbon emitting energy systems, intensifying efforts to attract private investment in advanced energy technologies, and promoting regional cooperation to develop and deploy clean energy technologies.

Implementation and Progress

Energy Ministers acknowledged and reconfirmed previous commitments and initiatives, including:

- Fourteen non-binding energy policy principles that are consistent with economic efficiency and environmental impact mitigation;
- A voluntary pledge and review program aimed at improving efficiencies in the production, delivery and use of energy;
- A work program on *Environmentally Sound Energy Infrastructure in APEC* to promote good practice in environmental policy implementation and to reduce investor risk;
- A *Natural Gas Initiative* identifying principles and best practices for reducing investor risk and mobilizing private investment;
- Establishment of a web-based Standards Notification Procedure to create transparency of action in the development and use of energy performance test procedures and help slow the further proliferation of differing test procedures, with their associated costs to business, as economies introduce new energy efficiency programs using such procedures;
- Recognition that a partnership with the private sector is needed to achieve goals.
- Energy Ministers also acknowledged and endorsed the broad range of cooperative activities undertaken by the Energy Working Group, including:
 - Research by the Asia Pacific Energy Research Center on efficient and environmentally sound energy development and use and practices;
 - Active work programs through Expert Groups.

Future Goals and Strategies

Ministers recognized that to succeed in making sustainable energy development and use a reality for the 21st century, continued and vigorous efforts are needed to remove remaining impediments to energy trade and investment, to promote projects to address local, regional and global environmental concerns, and to further increase opportunities for the private sector and to implement the *Framework for the Integration of Women in APEC*

Toward these ends, Energy Ministers expressed a renewed and strengthened commitment to further integrate their energy, economic and environmental goals.

Energy Ministers reconfirmed the value of joint efforts to develop adequate, environmentally responsible and secure energy supplies, enhance overall environmental protection on local, regional and global levels and improve the quality of life of individuals through sustainable economic development in their economies.

In order to promote the clean development and use of energy, Energy Ministers reconfirmed the need for policies that advance research, development and deployment of energy efficiency, renewable energy and other clean energy technologies, and encouraged energy suppliers to deliver energy efficiency services and renewable energy based electricity.

Energy Ministers recognized that sustainable energy development policies are integral elements of any strategy to reduce greenhouse gas emissions. In the context of the United Nations Framework Convention on Climate Change, all parties to that Convention have committed to addressing the problem of climate change and its adverse effects. The Ministers also recognized that the developed economies have committed to take the lead in modifying long-term trends in reducing anthropogenic emissions. Ministers reiterated their commitment to the implementation of sustainable energy development policies and to take concrete steps to establish policies and programs that will enhance investments and cooperation in the development and use of clean and efficient energy technologies. Moreover, the Ministers recognized the value of market-based forces and government guidance, and that member economies may adopt new measures in order to take full advantage of the market-based mechanisms and technical cooperation that are being negotiated within the framework convention.

**FOURTH APEC MINISTERIAL MEETING OF THE
TELECOMMUNICATIONS AND INFORMATION INDUSTRY
(TELMIN4)**

**Cancun, Mexico
24 – 26 May 2000**

CANCUN DECLARATION

We, the APEC Ministers responsible for the telecommunications and information industry, gathered at Cancun, Mexico, 24-26 May, 2000,

reaffirming the APEC Economic Leaders' Declaration, *The Auckland Challenge* at Auckland, 1999 which states that through APEC, we seek to expand opportunities for business and employment growth, build strong and open markets and ensure that our communities can participate successfully in the international economy.

responding to *-The Auckland Challenge-* in which the APEC Economic Leaders:

- a) declared their intention to strengthen markets by:
 - Providing greater transparency and predictability in corporate and public sector governance.
 - Enhancing the role of competition to improve efficiency and broaden participation by enterprises.
 - Improving the quality of regulation and the capacity of regulators to design and implement policies for sustainable growth.
 - Reducing compliance costs and facilitating business growth.
 - Building a favorable regional and international environment for free and fair competition.
- b) *emphasized* the importance of continued multilateral and bilateral support reaffirming the *Bogor Declaration* to achieve free and open trade and investment by 2010/2020, and to set the course which will allow for sustainable development:
- c) *affirmed* the need to strengthen our markets through regulatory reform and enhanced competition and by improving the international framework, especially the multilateral trading system to expand opportunities for business and employment growth,
- d) *noted* that the effective development and application of knowledge will be a key driver of future economic success, especially when cooperation is strengthened in the fields of education, science and technology and life-long skills development.
- e) *recognized* the key role that electronic commerce will play in linking APEC economies, considering that greater participation of the private sector, small, medium and large enterprises, will ensure success for our economies to innovate and create wealth,

reaffirming also our commitment to strengthen the Asia-Pacific Information Infrastructure to be able to respond effectively to the rapid pace of convergence and technological changes that are bringing new opportunities for education, health, finance, research, science and technology, commerce, economic and social development and entertainment.

inspiring our work on the promotion of an Asia-Pacific Information Society (APIS) with love and caring, and in close collaboration with the private/business sector, by addressing in a cooperative manner those challenges posed by convergence through initiatives and projects developed within the Telecommunications Working Group (TEL);

recognizing that convergence may raise new and unprecedented complex issues which might require innovative approaches to respond effectively further facilitating businesses and to foster greater infrastructure development and access to telecommunications and information services;

highlighting that rapid technological developments and convergence may have a different impact on each economy's growth and pace to adapt to the new environment, requires that special attention be paid to collaborate in order to avoid further dividing our region and our people between the information rich and information poor;

underlining our commitment to the objectives and principles outlined in the Seoul Declaration as the means for expanding the APII in a pro-competitive manner, to obtain the benefit and enormous potential of the global information economy for the people of the region;

acknowledging the importance of the information and telecommunications sector to the growth of electronic commerce; the convergence across industry sectors brought on by growth in electronic commerce; and, desirous of ensuring that the information and telecommunications infrastructure is ready, and that industry is prepared to play its part in supporting the growth of electronic commerce, thus, reaffirming our commitment to implementation of the Reference Framework for Action on Electronic Commerce agreed at TELMIN3 and the APEC E-Commerce Blueprint for Action;

reiterating our commitment to work cooperatively with the private/business sector with lifelong learning and skills development, benefiting from the cultural diversity of our region, to allow our communities, people and businesses access to a reliable and affordable Asia-Pacific Information Infrastructure and encouraging continuing cooperation on research and development to address the challenges that convergence may pose;

believing that APEC economies can contribute to lessening the digital divide and effectively address growth, access and connectivity with the active participation of the private/business sector as well as through regional cooperation;

emphasizing the need for sound and sustainable economic development in the region, and the essential role that TEL plays in promoting pro-competitive environment that will enhance the development of telecommunications and information infrastructure to achieve the APII and APIS;

confirming the importance of working with PECC and other business, academic, users and consumer groups to participate in both the planning and implementation of the APEC work so as to ensure timely consultation on policy priorities based on the evolution of the market and the needs of constituents for technical, human and financial resource development in the telecommunications and information fields; and

supporting the various action plans endorsed by the previous Ministerial Declarations on Telecommunications and Information Industry at Seoul, Gold Coast and Singapore.

Ministers HEREBY ADOPT the Program of Action for TEL attached as **Annex A** Ministers note that this Program of Action for the telecommunications and information sector will contribute to the Action Plan to be considered at the APEC Economic Leaders' Meeting to be held at Bandar Seri Begawan, in November 2000.

Ministers ALSO ADOPT the APEC Principles on International Charging Arrangements for Internet Services attached as **Annex B**. Ministers also reaffirm the importance of cost sharing or other mutually beneficial arrangements of this issue for continued expansion of the APII.

Ministers FURTHER ADOPT the APEC Principles of Interconnection attached as **Annex C** and recall their importance in establishing an environment that encourages in a multi-operator market.

APEC TELECOMMUNICATIONS WORKING GROUP (TEL)

PROGRAMME OF ACTION

General

1. TEL Self-Review

Ministers recognise the growing impact of convergence and urge the TEL to review its functions, structure and activities in light of a converged information communications environment, including, where appropriate, widening the scope of its participation and functions.

Ministers urge the TEL to be flexible in responding to the challenges of convergence while adhering to the five objectives and ten core principles endorsed at TELMIN 1 in Seoul (1995).

2. Business/Private Sector Participation

Ministers recognise that efforts must be made by the TEL to further encourage the participation of the business/private sector in its work.

3. Outreach to other Organisations

Ministers urge the TEL to foster closer ties with other groups and organisations, both regional and international, so as to contribute to global debate on convergence and other info-communications issues.

Access

4. Asia-Pacific Information Society (APIS)

Ministers recognise that there is still much to be done for our region to become the Asia-Pacific Information Society (APIS). They acknowledge the need to accelerate its realisation by expanding co-operative development projects undertaken by the four pillars of the TEL: Liberalisation, Business Facilitation, Development Co-operation and Human Resource Development.

5. Digital Divide

Ministers direct that the TEL continue to place an emphasis on bridging the digital divide at the domestic, regional and international levels. Ministers emphasise the need to engage the business/private sector through co-operation and collaboration in this effort. In particular, Ministers encourage initiatives aimed at:

- (a) improving network access, especially in underserved urban, rural and remote areas;
- (b) assisting developing economies to reform their policy and regulatory structure to meet new environments;
- (c) reinforcing and enhancing human resource development activities through various measures such as utilising distance learning technologies;
- (d) promulgating knowledge and recognition of the digital divide by holding appropriate fora;

- (e) monitoring the fair and sustainable development of the Internet in the APEC region as an integral part of the Asia-Pacific Information Infrastructure (APII); and
- (f) pursuing explanatory work to define concepts, to measure the extent of domestic, regional and international digital divides, and to assess economic and cultural reasons for divides with a view to develop technology neutral, pragmatic approaches to encourage greater access.

6. Accessibility

Ministers recognise that the TEL has promoted several projects and initiatives for the APEC communities, people and businesses where they are encouraged to interact with different services, products, platforms and cultures. Ministers support additional initiatives, especially to enhance access to schools, hospitals and small and medium enterprises to ensure that the APEC communities, people and businesses as a whole benefits.

7. Infrastructure Development

Ministers note that the Asia-Pacific Information Infrastructure (APII) underpins the APIS. Given the different stages of development in most APEC economies, Ministers direct the TEL to promote collaboration with the business/private sector to expand their participation in infrastructure investment to upgrade access to networks, especially in rural and under-served areas. Refinement of universal access policies should be explored and competition encouraged in the extension of networks.

Similarly, Ministers ask the TEL to consider the opportunities and benefits arising from wireless technology in the expansion of both basic telephony and convergent services.

8. Information Sharing

Ministers urge the TEL to encourage information sharing and collaboration on electronic government initiatives, spectrum access issues, Internet services and critical information protection.

9. International Charging Arrangements for Internet Services (ICAIS)

Minister direct the TEL to continue to foster discussion between business/private sector and government parties on appropriate means to assess and reward the value of products and services exchanged in the provision of converged Internet services among APEC economies.

Ministers note that the TEL should take what has been learned from the ICAIS study and work on the larger development issues. TEL Steering Groups should encourage attention to the development of Internet systems and business models from the perspectives of liberalisation, business facilitation, development co-operation and human resource development.

Recognising that the Internet is a complex and evolving economic infrastructure, and that there may not be a single charging arrangement that can be universally applicable, the TEL should continue to discuss the international development of the Internet, including charging arrangements, noting the initial suggestions in the proposals made by the ICAIS Task Force that:

“1. Where measurement tools are available and acceptable, charging arrangements should be based on traffic flow patterns for each type of service, taking into account which side has generated the traffic.

2. In the absence of efficient measurement tools, charging arrangements for international links should be based on the ratio of inbound to outbound traffic flow.”

As competitive markets and technologies develop rapidly, the TEL should discuss the kind of arrangements that will support high speed bandwidth connectivity in the APEC region.

This work should address, among other things, the relationship between charging arrangements and return on investments as it reflects the development of high speed bandwidth connectivity. It should also consider the application of the APEC Principles of Interconnection to internet services.

Progress should be recorded at each TEL meeting. Ministers reaffirm that the TEL should report, as a matter of urgency, with appropriate recommendations on these issues to the next Ministerial Meeting on Telecommunications and Information Industries (TELMIN).

Empowerment

10. HRD in TEL Projects

Ministers reaffirm the necessity of continuing to encourage the development of APEC's human resources in the digital economy. Noting the growing demand for information communications skills, Ministers emphasise the encouragement of life-long learning and the training of individuals to be information communications professionals.

Ministers direct the TEL to give priority to development of skills required to assist APEC members to establish a more pro-competitive policy and regulatory environment; develop skills standards to support electronic commerce; and encourage consideration of skills retention strategies for businesses reliant on information and communications technology.

11. Distance Learning Tools

Ministers direct the TEL to encourage the utilisation of distance learning tools and courses using information communication technologies as a cost-effective way of addressing the development gap.

Ministers also note that as far as possible, such efforts should complement efforts of other international organisations, such as the ITU's Centre of Excellence initiative.

Globalisation/Mobilisation

12. Liberalisation of Telecommunications Markets

Ministers urge the TEL to continue in its efforts to keep up the momentum of market liberalisation, keeping in mind any initiatives that may emerge from talks at the WTO. The TEL should focus on practical co-operative efforts that encourage greater competition in communications services and address non-tariff barriers to trade.

Recognising the trend towards convergence in the market place, Ministers note the increasing need for effective competition policies to be in place, and instruct the TEL to:

- study the impact of regulatory, policy and technological environments on the delivery of and access to convergent services;
- encourage discussions on promoting diversity in the supply of information and access to it;
- promote dialogue on possible incentives to improve business/private sector participation in the supply of communications goods and services; and
- support competitive markets in the domestic and international telecommunications and information industries.

13. Mutual Recognition Arrangement on Conformity Assessment for Telecommunications Equipment (MRA)

Ministers direct the TEL to accelerate the pace of implementation of the Mutual Recognition Arrangement (MRA) on Conformity Assessment for Telecommunications Equipment. Ministers note that economies that are ready should take the lead and prepare the ground for the other economies to follow.

Ministers advise the TEL to reach out to other regional groupings and organisations interested in developing similar Arrangements.

14. E-Commerce

Recognising the valuable work the TEL has done to address e-commerce, including identification of current barriers to further uptake of e-commerce by SMEs, Ministers urge the TEL to continue work to ensure that policy and regulatory environments better foster the uptake of e-commerce, facilitate the electronic delivery of services and enhance the development of e-commerce infrastructure. Ministers also note the work done on APEC e-commerce Readiness Indicators to date and encourage all TEL members to actively support this initiative.

15. Electronic Authentication

Recognising the need to promote open technical platforms for e-commerce, Ministers note the work of the Electronic Authentication Task Group and endorse its statement on *Issues in the Preparation of Electronic Authentication Policies (Attachment A)*. Ministers also encourage working level cooperation on these issues with the OECD.

16. Interconnection

Ministers encourage the TEL to continue discussions on the *APEC Principles of Interconnection* on a voluntary basis, recognising that 10 economies have already indicated timeframes for implementation. (**Attachment B**)

Ministers instruct the TEL to consult with member economies on the need for further discussions on interconnection and, if appropriate, to continue work in a manner that is collegial and of mutual benefit.

17. Interoperability

Ministers also call for more attention to be given to user requirements for open standards and systems to support interoperability noting that this will also support the Paperless Trading agenda endorsed at the 10th APEC Ministerial Meeting in Kuala Lumpur (1998).

Reinventing Policy

18. Regulatory and Policy Challenges

Ministers urge the TEL to adopt a co-operative approach to discussing regulatory and policy challenges presented by issues such as convergence, market liberalisation and the implementation of the WTO Agreement on Basic Telecommunications.

Ministers note the importance of surveying possible regulatory and policy approaches to accommodate convergence and urge the Convergence Task Group to continue in its work.

19. Policy and Regulatory Dialogue

Noting the policy and regulatory challenges posed by convergence, Ministers task the TEL to encourage greater dialogue among policy and regulatory officials and, where appropriate, between officials and the business/private sector.

20. The Way Ahead for TEL

Ministers believe that convergence will bring new challenges and opportunities for the TEL to assist economies with concrete actions that will harness both domestic and regional policies, with special attention paid on the needs of developing economies.

Bearing in mind the need for the TEL to remain focused on the Bogor objectives and goals, Ministers hereby direct the TEL to accomplish the tasks set out in this Program of Action.

Attachment A

**ISSUES FOR CONSIDERATION IN THE PREPARATION OF
ELECTRONIC AUTHENTICATION POLICIES**

- Development of electronic authentication technologies and their associated standards and protocols is primarily the role of industry
- There is a variety of business models, authentication technologies, and implementation of electronic commerce. There should be free choice of these models, technologies and implementations.
- It should be recognised that in authenticating an electronic transaction multiple technologies may be used.
- When developing legal and policy frameworks, consideration should be given to the role of multiple technologies.
- Legal and policy frameworks that focus on specific technologies can impede the use of multiple technologies.
- Cooperation between economies facilitates cross-border recognition of electronic authentication.
- Electronic commerce pilot projects both within and between economies will increase understanding of the issues involved.
- Examination of the work in other economies and international organisations and the exchange of information can facilitate the cross-border recognition of electronic authentication. APEC is involved in a program of workshops to facilitate the exchange of information.

Annex B

**APEC PRINCIPLES ON INTERNATIONAL CHARGING ARRANGEMENTS
FOR INTERNET SERVICES**

1. Internet connectivity is an essential element of the global information infrastructure that should be encouraged to strengthen the Asia-Pacific Information Infrastructure.
2. Governments need not intervene in private business agreements on International Charging Agreements for Internet Services achieved in a competitive environment, but where there are dominant players or *de facto* monopolies, governments must play a role in promoting fair competition.
3. Internet charging arrangements between providers of network services should be commercially negotiated and, among other issues, reflect:
 - a) The contribution of each network to the communication;
 - b) The use by each party of the interconnected network resources; and
 - c) The end to end costs of international transport link capacity.

Annex C

APEC PRINCIPLES OF INTERCONNECTION

In the spirit of the commitments made by many APEC economies to the Reference Paper attached to the World Trade Organization (WTO) Basic Telecommunications Agreement, APEC WTO members and other interested member economies offer this statement of APEC Principles of Interconnection, with each economy voluntarily indicating expected time frames for implementation of each principle. The principles are not meant to replace or exceed commitments made by APEC WTO member economies under the Agreement on Basic Telecommunications and the related Reference Paper.

Interconnection in this set of Principles refers to linking with all suppliers providing public telecommunications transport networks or services in order to establish effective any-to-any connectivity and to allow the users of one supplier to communicate with users of another supplier and to access services provided by another supplier.

A major supplier is a supplier which has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for basic telecommunications service as a result of: (a) control over essential facilities; (b) or use of its position in the market.

At the time of the Fourth APEC Ministerial for Telecommunications and Information, 10 member economies offered information on the timeframe for the implementation of these principles in their economies: Australia; Canada; Hong Kong, China; Indonesia; Japan; New Zealand; Philippines; Singapore; Chinese Taipei; USA.

Principles:

1. A major supplier has an obligation to provide interconnection at any technically feasible point in the network.
2. A major supplier has an obligation to provide interconnection under non-discriminatory and transparent terms, conditions, including technical standards and specifications.
3. A major supplier has an obligation to provide interconnection at non-discriminatory rates and of a quality no less favorable than that provided for its own like services or for like services of non-affiliated service suppliers or for its subsidiaries or other affiliates.
4. A major supplier has an obligation to provide interconnection in a timely fashion and to negotiate in good faith. The regulatory regime has dispute resolution mechanisms, which may include the application of general or sector specific competition law and associated penalties, if the major supplier delays in fulfilling its obligations.
5. A major supplier has an obligation to provide interconnection at cost-oriented rates.
 - 5.1 The regulatory regime has processes to increase the transparency of these cost-oriented rates.
 - 5.2 The reasonableness and the economic feasibility of the cost-oriented rates are enabled through costing methodologies or other mechanisms through broad consultation of interested parties.
 - 5.3 A major supplier has an obligation to provide interconnection in a manner sufficiently unbundled so that another supplier need not pay for network components or facilities that it does not require for the service to be provided.

- 5.3.1. The essential ability of competing service operators to enter all segments of the market requires identifying critical, technically and economically feasible points of interconnection to the major supplier's network.
- 5.3.2. The regulatory regime requires provision of access, often from major suppliers, to key rights of way, such as poles, ducts and conduits, under reasonable terms and conditions in order to access unbundled elements.
- 5.4. A major supplier has an obligation to provide interconnection upon request, at points in addition to the network termination points offered to the majority of other interconnecting suppliers, subject to charges that reflect the justifiable costs associated with necessary additional facilities.
- 6. A major supplier is prevented from anti-competitive practices, such as engaging in anti-competitive cross-subsidization and anti-competitive subsidization from other suppliers.
 - 6.1 A major supplier is prevented from anti-competitive practices such as abusing information obtained from competitors.
 - 6.2 A major supplier is prevented from anti-competitive practices such as not making available to other services suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.
- 7. It is ensured that either interconnection agreements between a major supplier and other operators or a reference interconnection offer will be made publicly available.
 - 7.1 All procedures applicable for interconnection negotiations to a major supplier are made publicly available.
- 8. A service supplier requesting interconnection with a major supplier will have recourse, either: (a) at any time or (b) after a reasonable period of time which has been made publicly known, to the regulatory regime, to resolve disputes regarding appropriate terms, conditions and rates for interconnection within a reasonable period of time.
 - 8.1 The regulatory regime clearly describes dispute resolution mechanisms in advance, in order to create strong incentives for parties to negotiate in good faith.
 - 8.2 The regulatory regime has powers to penalize parties that fail to negotiate in a timely manner and good faith.

MEETING OF MINISTERS RESPONSIBLE FOR TRADE

**Darwin, Australia
6 – 7 June 2000**

STATEMENT OF THE CHAIR

We met here in Darwin, Australia, to discuss the key multilateral and regional trade policy issues we face collectively as APEC Ministers Responsible for Trade. Our reference point was the shared goal of economic prosperity and social improvement through economic cooperation and strengthened regional integration, aiming to address the needs of the global economy in the 21st century.

We re-affirmed the importance of trade expansion to making possible the sustainable economic growth and development needed to improve people's lives. We called for an early launch of a new WTO round to maintain and enhance the momentum of trade liberalisation, and agreed on ways to build confidence to that end. We examined the interrelationships between the unilateral, sub-regional and multilateral trade frameworks through which we are implementing the commitment APEC Economic Leaders made in Bogor to free and open trade and investment. We also reviewed the progress and results of APEC work programs to date, and requested Senior Officials to further report to Ministers and Leaders in November.

A decade of progress

It is no coincidence that APEC economies have achieved some of the world's most rapidly rising standards of living. They have prospered because they have become more integrated into the world economy through more open trade and investment. The economic growth this brings is vital to the alleviation and eradication of poverty. It also means that business can more confidently take up new opportunities and government can look forward to a growing revenue base. It offers expanding employment and the ability to address the pressing social concerns of those who may be disadvantaged by economic change.

APEC is playing a fundamental role in creating these dynamic outcomes through wide ranging cooperation, particularly in developing sound policy frameworks and building the capacity to support their implementation.

The recent economic crisis has highlighted the need to consolidate and continue the policies of openness and structural change to meet the challenges ahead and build robust economies capable of withstanding unforeseen risks. This will be increasingly important as the pace of globalisation and structural change bring new concerns among parts of our communities, especially where the benefits are not shared equally.

We acknowledge the need to respond to this challenge. We need to do more to explain how stronger integration into the world economy will deliver economic and social progress. With this in mind, we welcome the interim report 'APEC – A Decade of Progress' prepared for this meeting. We agree that it be made available for interim use pending its further development as a report for Ministers and Leaders in November.

Prosperity and the multilateral trading system

The economic prosperity and social development we seek for our economies will flow in part from the increased openness which broad-based multilateral negotiations in the WTO can help

deliver. Therefore, we remain firmly committed to the pursuit of multilateral trade liberalisation and to strengthening and improving the rules-based global trading system for the benefit of all economies. We recognised the need to increase our efforts to broaden community support for these objectives.

We reaffirm our strong commitment to the early launch of a new round of multilateral trade negotiations and to work to achieve our collective objectives with respect to the WTO as articulated by our Leaders and Ministers in Auckland last year. We call for renewed efforts to build the global consensus necessary for the launch of a round at the earliest opportunity. In this respect, we appreciated the presence of the WTO Director General, Mike Moore, and his valuable input into our deliberations. We agreed that building confidence in multilateral trade negotiations is a key to the launch of a new round, and decided on steps to develop the capacity of APEC developing economies to implement WTO agreements and to prepare for a new round.

We welcome the commencement in Geneva of the mandated negotiations on agriculture and services. Recalling the relevant objectives agreed by Leaders in Auckland, we encouraged meaningful progress in these areas. This would have a positive effect on multilateral negotiations.

We agreed that a new round will require a balanced agenda that is sufficiently broad-based to respond to the interests of all WTO members. Particular attention should be given to the development needs of developing and least-developed economies.

We also agreed that a successful launch, conduct and expeditious conclusion to a round will require political will and flexibility from all participants, adequate preparatory work and enhanced capacity building.

We commend the confidence-building measures agreed recently in Geneva, including those on market access for least-developed economies and those addressing concerns over aspects of the implementation of WTO agreements. We urge their expeditious and effective implementation, and the participation of more APEC member economies in the LDC market access initiative

In order to increase momentum toward the launch of a round, we reaffirm our commitment to the APEC Leaders' Declaration and Ministers' Statement in Auckland last year, and also announce the following elements.

First, we now announce a new strategic plan to build capacity to implement WTO agreements, enhancing benefits from WTO membership. The strategic plan aims to provide tailor-made packages of technical assistance for developing APEC economies that will facilitate their ability to implement WTO agreements. We ask Senior Officials to coordinate a survey of the needs of APEC developing economies, to analyse and evaluate existing international cooperation schemes, and to develop a plan for the improved coordination and effectiveness of capacity-building activities. The results of this work will be reported to Ministers in November. In addition, we applaud the valuable capacity building work already done in APEC to aid implementation of the Agreement on Trade Related Aspects of Intellectual Property Rights and endorse the Joint Statement at Annex C.

Second, recalling our Leaders' and Ministers' agreement in Auckland, we call for preparatory work on industrial tariffs and other related areas to begin in the WTO, as part of the preparation for the new round, without prejudice to the overall agenda for negotiations.

Third, responding to the needs of the globalised economy, and recognising the dramatic increase in e-commerce in the new economy, we announce today an APEC-wide moratorium on the imposition of customs duties on electronic transmissions until the next WTO Ministerial

Conference. We encourage others to do likewise. We also call for the continuation of the e-commerce work program with better horizontal coordination among relevant bodies in the WTO.

Fourth, to aid mutual understanding of the issues and share experiences with investment and competition policies, APEC will hold seminars on these issues and build on its existing analytical work on competition and investment issues, with results also to be reported to Ministers in November.

We also welcome the substantial progress that has been made over the past year in the WTO accession negotiations for China and urge WTO members to work intensively for the rapid completion of negotiations so that China can join as soon as possible. We also support rapid accession to the WTO by Chinese Taipei and the advancement of the accession processes for Russia and Vietnam.

Recent developments in sub-regional trade agreements

APEC economies are pursuing free and open trade and investment through unilateral, regional and multilateral actions to reduce barriers and to enhance relevant aspects of their domestic policy frameworks.

We discussed sub-regional trade agreements and their relationship with WTO and APEC policy frameworks. We agreed that sub-regional trading arrangements should be consistent with WTO rules. We believe that they should be in line with APEC architecture and supportive of APEC goals and principles.

We welcome the proposal to embark on a survey of existing sub-regional trade agreements and bilateral investment treaties, and ask Senior Officials to develop it further.

Improving the APEC business environment

We reviewed the progress and results of the well-developed body of work undertaken in APEC to improve the environment for doing business in the region. We agreed on the need to make better known the achievements of APEC cooperation.

We launch today 'APEC: Getting Results for Business' - a new publication - and *BizApec.com* - a new website providing one-stop information for conducting business in the Asia-Pacific region. We also foreshadow that these resources for business will be strengthened further with the completion by November of a new web-based reporting format for Individual Action Plans. This new format will facilitate wider, faster and easier on-line access to transparent, comprehensive and specific accounts of the progress our economies are making towards our shared Bogor goals.

We value the advice of our business communities to improve our efforts in areas where APEC work can be most beneficial. As articulated by our Leaders in Auckland, we reaffirm that further dialogue with the private sector, at all levels, is essential to maintain the dynamism and relevance of APEC. The solid progress made in improving Individual Action Plans responds to the ABAC call that such reporting be done better. Our initiative on the Strengthening of Economic Legal Infrastructure, which will make a contribution to a more certain and predictable business environment in the region.

We therefore valued the briefing we received here in Darwin from the ABAC Chair. We also welcome the progress reported on senior level public-private sector collaboration in the Automotive Dialogue, and encourage our governments to study their recommendations. We ask Senior Officials to ensure that other APEC specialist fora work closely with the Automotive Dialogue.

We also agreed to improve on the results for business already achieved in many APEC economies through reduced administrative costs and easier ways of doing business with government using electronic commerce. Many challenges remain in creating a transparent and consistent legal and regulatory environment, and technology neutral and interoperable electronic systems. We ask our Senior Officials to consider steps towards placing government information services on-line including, as appropriate, government procurement and trade administration services, and to report on these issues to Ministers and Leaders in November. We welcome the offer by China to host a high-level Symposium on Paperless Trading in 2001.

Recent results from the APEC framework

Our efforts as Ministers Responsible for Trade are complemented by the results achieved in other areas of the APEC framework.

We recognise that the skills and education of our people are critical to achieving our goals. In this respect, we welcome the commitment of APEC Education Ministers at their recent meeting in Singapore to continue their support for efforts to promote collaborative action in education, particularly to develop learning societies.

We also welcome the priority given by Brunei Darussalam to developing human resources in the theme for APEC 2000, and encourage their initiative to work with APEC officials in HRD and representatives of business, training and education to develop a more focused operational approach to HRD which will be relevant to the growing needs of our communities.

We welcome the pro-competitive and market based approach taken by APEC Ministers Responsible for Telecommunications and Information Industries in adopting, in the Cancun Declaration, APEC Principles on International Charging Arrangements for Internet Services; APEC Principles of Interconnection; and Issues for Consideration in the Preparation of Electronic Authentication Policies. This progress towards a more open and competitive environment will give a significant boost to trade in telecommunications and IT services.

We note and welcome the commitment by APEC Energy Ministers at the fourth Energy Ministers Meeting to focus on implementation of energy policy, regulatory reform, and technology cooperation initiatives. These initiatives include principles and best practices for independent power producers, natural gas development, and industry-initiated principles setting out criteria for reform of the energy sector in the APEC region, while strengthening policy dialogue among member economies on issues such as energy security, energy infrastructure, energy market reform, energy efficiency and energy and the environment. We further welcome the innovative strategy adopted by Energy Ministers to facilitate implementation of these initiatives through visits by teams of experts to provide practical advice, and we encourage APEC economies to make use of this valuable assistance.

We also welcome the good progress made in work by the Transportation Working Group, including in the study of the benefits and difficulties of implementing the eight recommendations for more competitive air services and identification of additional means of liberalising air services. We encourage all economies to participate fully in the study, as a resource on which economies can draw in considering the pace and direction of changes they wish to make in the regulation of their international air services.

We also welcome the Agricultural Technical Cooperation Experts Group (ATCEG) report on the work already done in APEC in the area of agricultural biotechnology, and endorse the useful work program developed for the year 2000 and the medium term. We reaffirm the statement by Ministers in Auckland on the importance of transparent and science-based approaches to the introduction and use of biotechnology products, and of technical cooperation, exchanging of information on new technology and capacity building in this area. Such activity should take into

account WTO rules, as well as consumers' interest in food safety, environmental quality, and facilitate the realisation of the potential benefits of this technology.

Ministers from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Viet Nam participated in the meeting. The APEC Secretariat was present. The Association of Southeast Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum attended as observers.

Annex A

AGREED ACTIONS

APEC Ministers Responsible for Trade meeting in Darwin on 6-7 June 2000 ask, as part of our instructions in the Statement of the Chair, that Senior Officials:

Trade and Development Experience in the APEC Region

- Develop further the interim report 'APEC – A Decade of Progress' for final release in November, while also making the interim report available through placement on the APEC Secretariat and other web sites.

Trade and Investment Liberalisation and Facilitation

Individual Action Plans

- Note that Ministers have endorsed the work done to date on the 2000 APEC IAP Format Guidelines and supported continued work on the electronic IAP for delivery in November;
- Note that Ministers have recommended that APEC economies report as much of their 2000 IAPS as possible in the new format;
- Note that Ministers have committed to fully utilising the new e-IAP system for the 2001 IAP reporting cycle;
- Adopt a comprehensive approach in reviewing and building upon the OAA guidelines, taking into account developments and changes since 1995;
- Submit, through the SOM Chair, a report on the final 2000 IAPs to Ministers in November.

Collective Action Plans

- Note that Ministers have endorsed the CTI Chair's report;
- Note that Ministers have reaffirmed their instruction from Auckland for CTI to review and strengthen CAPs;
- Take prompt action in relation to Ministers' and Leaders' previous instructions to intensify work on NTMs, and to report to Ministers in November;
- Continue APEC's work on strengthening markets with a particular focus on capacity building.
- Note that Ministers have welcomed Japan's proposals on strengthening Economic Legal Infrastructure, in particular a symposium on this topic jointly organised with Australia and Indonesia and "Support for SMEs and New Business", a joint seminar by Japan and Brunei under the Initiatives for Strengthening Human Resources Development for Structural Reform; and that Ministers have requested that these initiatives be further developed and the outcomes reported back to the Ministerial and Leaders' Meeting in November.

Paperless trading and e-commerce

- Note that Ministers have endorsed the report from SOM on progress towards implementation of APEC's paperless trading goals
- Note that Ministers have (a) called on economies to consider steps towards placing government information services on-line including, as appropriate, government procurement and trade administration services; (b) called on those economies in a position to commit to specific target dates to do so; (c) called for a report on these issues

at the next Ministerial Meeting in Brunei Darussalam in November, for subsequent consideration by Leaders;

- Note that Ministers have called on economies to devote greater attention to user requirements for open standards and systems in government interaction with business and the public to facilitate interoperability;
- Note that Ministers have instructed relevant APEC fora to develop capacity building programs, particularly on skills required to enable economies to implement paperless trading, and to report to Senior Officials at their first meeting in 2001;
- Note the crucial importance of strengthening the convergence in the development of a legal framework for e-commerce and paperless trading, especially in digital signature and electronic documents.
- Convene, noting that Ministers welcome China's offer to host, a High Level Symposium on Paperless Trading in 2001 to provide improved direction to, and coordination of, APEC activity to assist economies to meet the paperless trading goals, to be attended by high level officials from relevant agencies, and develop at SOM III an agenda for the Symposium for Ministerial consideration;
- Note that Ministers have welcomed the Electronic Commerce Readiness Initiative as an important and evolving process that is being used by a growing number of economies and called on all APEC economies to participate in the E-Commerce Readiness Initiative and report back on how the assessments are strengthening readiness in the APEC region;
- Recognise the outcomes of the E-commerce Convention held in Tokyo on 15–16 May 2000 and encourage APEC for a to consider these outcomes as a basis for developing the APEC e-commerce work program.

APEC services to business

Development of new internet information services for business in APEC

- Note that Ministers have welcomed the creation and further development of a new APEC website for business, *BizAPEC.com*
- Note that Ministers have instructed APEC fora to expand the amount of business information available through *BizAPEC.com* and to report to Ministers at their next meeting in Brunei Darussalam;
- Develop a campaign to promote the availability of *BizAPEC.com* to business throughout the region, and to report to Ministers at their next meeting in Brunei Darussalam on the campaign.

Biotechnology

- Note that Ministers have endorsed the report of the ATCEG, and have directed the ATCEG to develop the strategy and timetables that address implementation of its agreed work program in a timely manner.

Economic and Technical Cooperation

- Note that Ministers have encouraged the efforts being taken by APEC officials to develop a more focused operational approach to HRD;
- Note that Ministers have instructed APEC for a to launch a review of joint activities and dialogue since 1996, as outlined in Part II of the OAA.

CONFIDENCE BUILDING MEASURES – APEC’S CONTRIBUTION TO THE WTO

1. Capacity Building in APEC Related to the Implementation of the WTO Agreements

1. Objectives

Two major objectives of the initiative are:

- To facilitate the implementation of WTO Agreements and the integration of developing economies into the multilateral trading system.
- To help address the concerns and challenges of APEC developing economies’ participation in a new round.

2. General Strategy

Based on the need of individual economies, APEC should have its own initiative of strengthening capacity building activities in developing economies, with the cooperation of developed economies, the WTO and other relevant international organisations. The proposed APEC strategy on capacity building:

- a. Identifying needs and drafting a strategic plan
- b. Endorsing an APEC strategic plan to be utilised, as appropriate, in the context of the development strategies of members and related international organisations
- c. Identifying possible sources of funding for the plan
- d. Creating a mechanism to implement and follow up the plan

3. Six ways to enhance capacity of developing economies

- a. Expanding knowledge and skills for implementing WTO Agreements
- b. Developing legal framework for domestic implementation
- c. Enhancing physical infrastructure for domestic implementation
- d. Enhancing negotiation skills to participate in international negotiations
- e. Building capacity to utilise the WTO dispute mechanism
- f. Contributing to support for accession to the WTO for APEC members

4. Schedule

<After MRT - August 31>

After MRT, questionnaires will be distributed to all the economies. Interested economies would respond to the questionnaires by August 31.

<September - October>

Further field studies would be conducted.

<November 12-13: APEC Ministerial>

- a. Ministers would be asked to endorse the APEC strategic plan. This would be taken forward by members in the context of their own development strategies and in conjunction with international organisations in the APEC region. Ministers would be asked to give priority to allocating the APEC TILF fund to the possible pilot projects.

- b. Ministers would agree that members would adjust priorities, as appropriate, in their development programs in the light of the APEC strategic plan.
- c. Ministers would invite relevant international development organisations to provide possible support to the program.

2. Seminars on New Areas (Investment and Competition)

1. Objectives

- To promote a common understanding of issues related to possible future multilateral rules on investment and competition.
- To share the experiences of investment and competition policies in the APEC region.

2. Agenda

- Review investment and competition policies in the APEC region and analyse their relationship with international trade and economic development.
- Survey business difficulties and other issues regarding investment and competition, exploring the scope for appropriate solutions.
- Examine the merits and demerits of developing multilateral rules on the interface between trade and investment and competition.
- Examine the need for multilateral rules and the effects of rule making for economic development.

3. Schedule

The seminars will be held in Latin America and Asia.

<August 23> Seminar in Peru

<October or December> Seminar in the Philippines

3. Market Access for Least Developed Economies

1. Objectives

- To encourage more APEC economies to participate in the initiative of providing Least Developed Economies with enhanced market access.

2. Participating APEC economies

- The following 7 APEC economies announced their participation in this initiative in early May:

[Canada; Chile; Hong Kong, China; Korea; New Zealand; Japan and United States]

- The following two economies clarified on this occasion that they already provide market access in line with this initiative:

[Australia and Singapore]

* Regarding non-APEC members, the following seven economies/regions have already announced to participate in this initiative in early May:

[Czech, Hungary, Iceland, Norway, Slovenia, Switzerland, European Union]

Annex C

JOINT STATEMENT ON THE WTO/TRIPS AGREEMENT IMPLEMENTATION

1. All the APEC member economies recognize the important role of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) administered by the World Trade Organization (WTO) based on the understanding that the extension of an adequate protection to intellectual property rights contributes to the economic development of the APEC member economies as well as to the promotion of sound trade and investment in the APEC region. Thus, the APEC member economies established as a goal of the Action Agenda adopted at the APEC Economic Leaders' Meeting held in Osaka in November 1995 that the APEC member economies would fully implement the TRIPS Agreement by 1 January 2000 at the latest.
2. The APEC member economies have formulated the Collective Action Plan within the Intellectual Property Rights Experts Group to promote technical cooperation with the aim of implementing the TRIPS Agreement and to ensure sustainable benefits to the member economies through the dynamic use of intellectual property rights. Each of the APEC member economies has also improved its intellectual property system under the Individual Action Plan.
3. APEC economies remain firmly committed to the goal of full implementation of the TRIPS Agreement throughout the APEC region in 2000, and look forward to the final stages of ensuring complete adherence to TRIPS standards and provisions by all WTO APEC members.
4. APEC economies acknowledge the considerable progress that has been made in the APEC region to bring about the development and strengthening of intellectual property administration and enforcement systems in line with TRIPS standards, noting that this has entailed major legislative and infrastructure development in many economies in a relatively short space of time. They reaffirm their commitment to continuing technical cooperation to bring about full and sustained TRIPS implementation in such a way that the protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations. They also reaffirm their commitment to ensure that the necessary skills are developed to enable the realisation of the potential economic and social benefits of intellectual property rights in all APEC economies.
5. Recognizing the general need for greater public awareness of intellectual property rights, and broader dissemination of practical information on the effective use of the intellectual property system in the APEC region, APEC member economies have resolved to undertake greater cooperation within the APEC region on the planning, development and delivery of public education programs concerning intellectual property.

Annex D

PAPERLESS TRADING

Ministers believe that the implementation of APEC's paperless trading goals, as defined in the Blueprint for Action on Electronic Commerce, would assist business to reduce costs, save time and increase efficiency. Accordingly, we endorse the report from Senior Officials on "Progress Towards Implementation of APEC's Paperless Trading Goals" and commend the progress and best practice examples identified. We note the ongoing challenges and the need for further APEC economic and technical cooperation to assist economies to overcome these challenges.

We stress the importance of economies providing a legal and regulatory environment for paperless trading which is predictable, transparent, consistent and technology neutral, and the value of interoperable electronic systems. Noting the catalytic role of governments as both users and enablers of e-commerce, we call on economies to consider steps towards placing government information services on-line including, as appropriate, government procurement and trade administration services, and to report on these issues through Senior Officials to our next meeting in Brunei, for subsequent consideration by Leaders. We also call on those economies in a position to commit to specific targets dates to do so.

We call on economies to devote greater attention to user requirements for open standards and systems in government interaction with business and the public to facilitate interoperability.

We recognise the important role of APEC economic and technical cooperation in assisting economies to implement the paperless trading goals. We call upon all relevant APEC fora to develop capacity building programs to assist economies, in particular developing economies, to implement paperless trading, including in the areas of government procurement and trade administration services, and to report to Senior Officials at their first meeting in 2001 utilising the paperless trading matrix being developed by the E-Commerce Steering Group, the Subcommittee on Customs Procedures and the Transportation Working Group.

We reiterate the call in the Blueprint for Action on Electronic Commerce for economies to develop seamless legal, technical, operating and trading environments for electronic commerce. With this in mind, we call for the convening of a High Level Symposium on Paperless Trading, to meet in 2001, to provide improved direction to and coordination of APEC activity to assist economies to meet the paperless trading goals. We welcome the offer of China to host the Symposium and propose that it be attended by high level officials from relevant agencies, including customs, quarantine, justice, telecommunications and transport administrations. We call for Senior Officials to develop an agenda for the Symposium for our consideration in November.

SEVENTH APEC SMALL AND MEDIUM ENTERPRISE (SME) MINISTERIAL MEETING

**Bandar Seri Begawan, Brunei Darussalam
22 – 23 June 2000**

JOINT MINISTERIAL STATEMENT

APEC Ministers responsible for Small and Medium Enterprises (SMEs) met in Bandar Seri Begawan on 22-23 June for their seventh meeting. Representatives of SMEs throughout the APEC region joined them in interactive sessions.

The meetings discussed matters that are concerned with responding to the needs of APEC SMEs, focusing on four main issues:

- Capacity Building of APEC SMEs
- Enabling APEC SMEs to Capitalize on Electronic Commerce
- Making Financial and Capital Markets More Accessible to SMEs
- Towards Harnessing Diversity for Shared Economic Prosperity

The discussions between Ministers and the business sector were supported by a Business Forum and participation from the associated Women Leaders Network Meeting, an E-Commerce Workshop and an E-Trade Fair. Ministers and business representatives welcomed the opportunity for their dialogue and highlighted its usefulness and effectiveness in understanding the key policy issues facing SMEs. Ministers also commended the business community of Brunei Darussalam on its initiative to hold a Town Hall Session for Young Entrepreneurs, which was attended by young entrepreneurs from the region.

Ministers were informed of the wide range of issues relevant to SMEs addressed in the work program of other APEC fora as outlined in the APEC Secretariat's report. Ministers further agreed to encourage other APEC fora to take into account these issues in the interest of SMEs within their respective work programs.

Ministers welcomed the report by the Chair of the APEC Business Advisory Council and appreciated its support for APEC's effort in facilitating cross border trade and investments, and in enhancing the capacity building of SMEs. Ministers also welcomed the statements by the Pacific Economic Cooperation Council (PECC), ASEAN Secretariat and South Pacific Forum.

Ministers endorsed the APEC Ad Hoc Policy Level Group on SMEs (PLGSME) Chair's Report and the recommendation to continue the mandate and tenure of the PLGSME for a further three years. In this regard, Ministers also agreed that the PLGSME should also strengthen its focus on policy issues, activities that contribute to the development of policies, and action oriented programs. Ministers also instructed the PLGSME to submit a progress report on new projects at the Ministerial Meeting next year. Ministers stressed the need to develop APEC's business outreach on SMEs and instructed the PLGSME to develop further the interaction between government and private sector.

Ministers also acknowledged that the *Framework for the Integration of Women in APEC* is the effective means for integrating women into the work processes of APEC. They directed the PLGSME to take steps to implement the Framework and report on the progress to Leaders in their November meeting in Bandar Seri Begawan. Ministers also welcomed Korea's appointment as the Gender Focal Point for the PLGSME.

Responding to the Needs of APEC SMEs

Ministers agreed that APEC should respond to the needs of SMEs in sustaining the foundations for growth and creating new opportunities. As many member economies are recovering from the Asian economic crisis, Ministers stressed that SMEs should be prepared and be in position to harness the opportunities in the areas of electronic commerce and in knowledge-based economy (KBE).

Ministers reaffirmed the need to enhance efforts in creating a conducive environment for SMEs and welcomed the decision by the APEC Ministers Responsible for Trade Meeting in Darwin, which called for the continuation of APEC's work to improve the environment for doing business in the region. In particular, Ministers supported the call by the Ministers Responsible for Trade for prompt action to intensify work on NTMs, capacity building, and strengthening market infrastructure for SME development. Ministers also supported the call to Senior Officials to consider steps to place government information services on-line. Ministers encouraged member economies to include in IAPs the progress made in identifying the major barriers and compliance costs to SMEs in APEC economies. Ministers also welcomed the New Zealand initiative in developing the methodology for reporting on compliance costs and supported continue work to further develop the mechanism.

Ministers recognized the vitality of the Consumer Education and Protection Initiative (CEPI) and encouraged more member economies to participate, and to organize the CEPI activities.

Capacity Building of APEC SMEs

The Asian economic crisis revealed several weaknesses in the capacity of SMEs and Ministers called for steps to train more experts and managers in the areas of technology, management and international trade. Minister concurred that the long-term strategy for enhancing the HRD of SMEs is to inculcate the culture of entrepreneurship and business skills amongst the young population. Ministers instructed the PLGSME to work with the relevant APEC fora to integrate such values into school curricula. They also encouraged young peoples to set up businesses, where possible.

It is acknowledged that to strengthen markets in the region, APEC member economies need to deepen their cooperation, focus on capacity building for SMEs, and support for new businesses. Ministers welcomed Japan's proposal project on the "Evolving Cooperation Initiatives for SME and New Business Support," which focus on cooperation in the development of institutions related to SMEs and in the aspect of capacity building particularly on HRD. The Ministers recognized the usefulness of this approach that would contribute to more effective implementation of the *Integrated Plan of action for SME Development* (SPAN). Ministers also instructed the PLGSME to encourage Japan and other interested economies to be the joint coordinators, to develop the cooperation programs in accordance with the approach that has been outlined in the project, and submit them at the Leaders Meeting in November. Ministers welcomed the *2000 APEC SME and New Business Support Workshop*, which will be held in Tokyo in 5-8 September 2000 to launch this initiative focusing on sharing knowledge on developing methods of supporting new and existing SMEs.

Ministers welcomed Japan's contribution towards human resources development in the *APEC Seminar for Management Capacity Building*.

Ministers also acknowledged that flexibility in the workplace could improve the management of human resources and raise productivity in SMEs.

Many ongoing training programs in APEC member economies are limited to domestic participants, but could be expanded to include participation from member economies. In this context, Ministers agreed for member economies to consider opening up some of their domestic training programs to participants from APEC member economies on a voluntary basis and to include a list of trainers that are available for conducting training across the APEC region. Ministers instructed the PLGSME to work intersessionally in devising an action program and to liaise closely with Brunei Darussalam in time for the Leaders meeting in November at Bandar Seri Begawan.

Enabling APEC SMEs to Capitalize on Electronic Commerce

It is recognized that the progress of information and communication technology (ICT) has tremendous effect on the existing economic system and that the dynamic changes pressured many SMEs to make structural adjustment. There is broad consensus that governments could assist SMEs to overcome the problem of high initial costs of investment in ICT by creating an environment favourable to E-commerce.

Ministers acknowledged that there are many problems arising from E-commerce and recommended that APEC put in place a framework for the coordination of standards, encouragement of private sector innovation, and to improve consumer confidence and acceptance. This should include self-regulation by the private sectors. Ministers acknowledged that the involvement of governments, private sectors, E-commerce and Internet could turn the world of *Digital Divide* to *Digital Opportunity*. Ministers are pleased to note that the Electronic Commerce Steering Group will address consumer confidence and acceptance issues. They urged APEC to give priority to hasten the work on strengthening the regulatory and security measures for E-commerce, removing uncertainties that restrict E-commerce, and encouraging the development of self-regulatory frameworks. In this regard, Ministers instructed the PLGSME to coordinate with relevant APEC fora including the APEC Telecommunication Working Group and the Electronic Commerce Steering Group in expediting the on-going work on reducing the costs of access to the Internet.

Ministers pledged to enhance collaboration and cooperation among the member economies on institutional development and capacity building especially on HRD, to create a global trading environment for E-commerce. Ministers acknowledged the outcomes of the *APECE -Commerce Convention* and *APEC SME Business Network Promotion Forum*, both held in Tokyo, and welcomed Japan's initiative to hold a forum on *Internet Businesses* next year. Ministers also acknowledged the outcomes of both the *World Congress on Information Technology* held in Chinese Taipei.

Ministers recognized the importance for SMEs to access information concerning regulatory and administrative requirements on trade and investment. In relation to this, Ministers also welcomed the development of an electronic Individual Action Plans (e-IAPs) system which would make the IAPs more useful to business, especially SMEs, by enabling them to have faster, easier on-line access, and a better understanding of the trade and investment regime of a particular APEC economy. The Meeting also acknowledged that it would be useful for SME related information services to be electronically linked across APEC economies. Ministers welcomed the *BizApec.com*, a new website which would provide one-stop information for conducting business in the region, and instructed the PLGSME to consider contributing to the further development of this new website. As the use of ICT differs amongst SMEs in different economic sectors, Ministers agreed that future work program on the use of ICT and E-commerce amongst SMEs be focused on specific sector of SMEs. In this regard, Ministers instructed the PLGSME to work with the relevant APEC fora to address these issues.

Ministers agreed that there is a need to exchange information regarding best practices and legal issues on E-commerce including government purchasing and intellectual property. In this respect,

Ministers sought greater cooperation among member economies to facilitate the development of E-commerce in the region. Ministers noted the recommendations from the *APEC 2000 SME Electronic Commerce Workshop* in Bandar Seri Begawan as Annex B, which makes reference to promote E-commerce and to capitalise on ICT. Ministers instructed the PLGSME to implement the relevant recommendations in collaboration with relevant APEC fora including the APEC Electronic Commerce Steering Group and the Telecommunication Working Group. Ministers also agreed to endorse a new initiative by Chinese Taipei, the *E-Commerce Symposium on SMEs*, to enhance the promotion of E-commerce to SMEs.

Making Financial and Capital Markets More Accessible to SMEs

Ministers acknowledged that issues concerning SME financing are crucial for sustaining SME growth. It was recognized that in some economies, SMEs access to capital is limited by a number of factors including the lack of market resources, insufficient collateral and guarantees, high costs of financing, and underdeveloped financial institutions. The lack of finance remained a major constraint for SMEs in some member economies, mainly because SMEs lack managerial skills. There was a convergence of views that APEC member economies should enhance the managerial skills and capacity building of SMEs to enable them to gain better access to financial and capital markets. Ministers also commended the outcomes of the *Workshop for APEC SMEs Financing and Business Management* in Tokyo.

Ministers also recognized that SMEs needed access to information about sources of funds. The “APEC Start-up Companies and Venture Capital Survey” conducted by Chinese Taipei indicated that there was interest in establishing an APEC database to disseminate and exchange information on start-up companies and venture capital. In this regard, Ministers instructed the PLGSME to cooperate with the IEG in this area.

It is recognized that venture capital is important for financing start-up companies and ICT industries, and the private sector is the leading source of capital. Ministers acknowledged that venture capital funds will complement the financial sector in providing initial capital to new businesses and recognized that governments had a role in creating a better environment for SMEs and start-up companies to access capital markets. In this respect, Ministers concurred that SMEs that have growth potential could be assisted in accessing financial and capital markets.

Ministers acknowledged the outcomes from the seminar, the “Securing Initial Equity Funding for Start-Up Companies – The Birth and Growth of SMEs In A Knowledge-Based Economy” held in Taipei, which is a follow-up to the “Economic Revitalization Through Start-Up Companies and Venture Capital” proposal by Chinese Taipei, adopted at the APEC Ministerial Meeting in Auckland. Ministers encouraged further work on related subjects in this area. In the context of the KBE, Ministers urged financial sectors to accept intangible assets such as knowledge and intellectual property as economic assets for loan applications. Ministers also agreed to work with APEC Ministers of Finance and relevant APEC fora to promote the development of capital markets including venture capital, equity fund, and IPO for the development of SMEs within their economies.

Towards Harnessing Diversity for Shared Economic Prosperity

Ministers recognized the needs of SMEs to form vertical and horizontal alliances among themselves, with larger corporations, and partnership with foreign companies. By banding together, SMEs can improve their operational efficiency and effectiveness. Ministers encouraged SMEs to continue to form business alliances with larger companies including through the Internet. In this regard, Ministers urged APEC member economies to work together for a more pro-SME environment with increasing transparency in rules and regulations, and provide information and business contacts to SMEs. Ministers endorsed the United States’ proposal for the *Business Partnership Initiative*, which is led by the private sector to facilitate strategic

alliances between companies in member economies. Ministers also welcomed the on-going “APEC Business Matching and Advice Program” to better serve the needs of SMEs in business matching among firms across the APEC region.

In recognition that SMEs have an important role in the global supply chain, Ministers encouraged SMEs to embrace modern business technology including bar-coding, Electronic Data Interchange (EDI) and Internet-Commerce to enhance their efficiency. In this context, Ministers requested Thailand to work closely with the PLGSME to build on the idea of facilitating the “Strategic Alliances for Better Global Supply Chain Management” and report to Ministers at their next meeting. Ministers welcomed Thailand's proposal to host the *International Conference/Workshop on Strategic Alliance for Efficient Supply Chain Management* and requested Thailand to act quickly in developing a proposal for consideration of the PLGSME.

Ministers also endorsed the following new initiatives to help SMEs establish strategic alliances and business linkages:

- *APEC SME Profile 2000*
- *Business Partnership Initiative for SMEs*
- *Seminar on Opportunities and Challenges: APEC SMEs After China's Accession to WTO*

Progress of APEC Integration Plan of Action for SME Development (SPAN)

Ministers reaffirmed the usefulness of sharing information and experiences of APEC member economies in their implementation of various initiatives, programs and regulatory frameworks undertaken to promote the development of SMEs under the SPAN. Ministers also welcomed the progress reports on the implementation of SPAN by China, Japan, Malaysia, Peru, Chinese Taipei and Thailand at the two PLGSME meetings this year. Ministers encouraged other members to regularly report their work in progress within the Framework of SPAN and to share their experiences on a voluntary basis.

Dialogue with the Business Sector

Ministers welcomed the briefings by the business representatives of the *E-Commerce Workshop*, *WLN Meeting*, and *Business Forum*, and commended their recommendations especially on initiatives that would accelerate economic recovery and promote E-commerce in the region as in Annex B, Annex C and Annex D respectively. Ministers agreed to instruct the PLGSME to consider the recommendations from the business sectors for inclusion into its work program. Ministers urged future hosts to continue with this form of outreach.

Ministers called on the private sector to change the mind-set on utilization of ICT and encouraged greater usage of ICT for business transactions. Ministers also requested the private sector to prepare a comprehensive list of needs and key issues including capital and financial facilities, and HRD for the consideration of Ministers and member economies.

Conclusion

Recognizing the desire of APEC 2000 to deliver to the community, Ministers underscored the importance of achieving outcomes that are more substantial. Ministers also affirmed that it is important to heed the capacity building needs of SMEs in member economies. In view of the rapidly changing business environment as a result of economic globalization and ICT development, Ministers urged SMEs to embrace innovative and creative approaches to enhance efficiency and competitiveness. Ministers agreed to request the Senior Officials to note and take appropriate actions on the Ministerial agreed actions at **Annex A**. Ministers had a very useful and constructive dialogue with the business representatives. Ministers had agreed to examine further the core issues of SMEs in the areas of HRD, ICT, financing and strategic alliances.

Ministers thanked the Chair for his guidance in chairing the meeting, and the Government and people of Brunei Darussalam for the warm hospitality in welcoming the officials, business, and WLN delegates. Ministers also welcomed the invitation to meet again next year in the People's Republic of China.

Representatives from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Vietnam participated in the meeting. The representative of ABAC and APEC Secretariat were present. The Association of Southeast Asian Nations (ASEAN) Secretariat, the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum also attended the meeting as observers.

Annex A

AGREED ACTIONS

APEC SME Ministers in Bandar Seri Begawan on 22–23 June 2000 ask, as part of their instructions in the Joint Ministerial Statement, that Senior Officials:

Responding to the Needs of APEC SMEs

- Note that Ministers have agreed the PLGSME should also look into policy issues in addition to its existing activities.
- Note that Ministers have agreed to encourage relevant APEC fora to take into account the issues in the interest of SMEs within their respective work programs.
- Note that Ministers have stressed the needs to develop APEC's business outreach on SMEs and instructed the PLGSME to develop further interaction between government and private sector.
- Take concrete actions in relation to APEC Ministers' and Leaders' previous instructions to intensify work on NTMs.
- Note that Ministers have welcomed the decision by the APEC Ministers Responsible for Trade Meeting in Darwin to task officials to take prompt action on NTMs and continue focus on capacity building and strengthening market infrastructure for development of SMEs.
- Note that Ministers have instructed member economies to include in IAPs the progress made in identifying the major barriers and compliance costs.
- Note that Ministers have encouraged member economies to participate and hold Consumer Education and Protection Initiative activities.

Capacity Building of APEC SMEs

- Note that Ministers have called on member economies place greater emphasis on capacity building measures relating to HRD.
- Note that Ministers have recommended member economies take steps to train more experts and managers in the areas of technology, management and international trade.
- Note that Ministers have encouraged member economies to inculcate the culture of entrepreneurship and business skills among the young population, and instructed the PLGSME to work with the relevant APEC fora to integrate entrepreneurship and business skills into school curricula.
- Note that Ministers have instructed the PLGSME to encouraged Japan and other interested economies to be the joint coordinators, to develop the cooperation programs in accordance with the steps that have been outlined in the "Evolving Cooperation Initiative for SME and New Business Support" and submit them at the Leaders Meeting in November.
- Note that Ministers have agreed that member economies could consider opening up the domestic training programs to member economies, on a voluntary basis, and to include a list of trainers that are available to conduct training across the APEC region.
- Note that Ministers have instructed the PLGSME to work intersessionally in devising an action program and to liaise closely with Brunei Darussalam in time for Ministers and Leaders meeting in November at Bandar Seri Begawan.

Enabling APEC SMEs to Capitalize on E-Commerce

- Note that Ministers have called on member economies to place greater emphasis on the development of infrastructure concerning ICT.
- Note that Ministers have instructed the PLGSME to take into account that future work program on the use of ICT and E-commerce be focused on definite sector of SMEs and to work with the relevant APEC fora in addressing this issue.
- Note that Ministers have called on APEC to give priority to hasten the work on strengthening the regulatory and security measures for E-commerce.
- Note that Ministers have instructed the PLGSME to consider contributing to the further development of the *BizApec.com* website.
- Note that Ministers have instructed the PLGSME to coordinate with relevant APEC Fora including the APEC Telecommunication Working Group and the Electronic Commerce Steering Group in expediting the on-going work on reducing the costs of access to the Internet.
- Note that Ministers have instructed the PLGSME to implement the relevant recommendations arising from the *APEC 2000 SME Electronic Commerce Workshop*.
- Note that Ministers have endorsed the *E-Commerce Symposium on SMEs* initiative.

Making Financial and Capital Markets More Accessible to APEC SMEs

- Note that Ministers have called on member economies to enhance the managerial skills and capacity building of SMEs to enable them gain better access to financial and capital markets.
- Take concrete action to establish an APEC database to disseminate information on start-up companies and venture capital.
- Note that Ministers have instructed the PLGSME to cooperate with APEC fora including the IEG in establishing the APEC database.
- Take action to promote the development of capital markets in the region.

Towards Harnessing Diversity for Shared Economic Prosperity

- Note that Ministers have requested Thailand to work closely with the PLGSME on establishing the “Strategic Alliances for Better Global Supply Chain Management.”
- Note that Ministers have endorsed the following new initiatives to help SMEs in establishing strategic alliances and business linkages:
 - *APEC SME Profile 2000*
 - *Business Partnership Initiative For SME*
 - *Operational Environment Of APEC SME After China's Accession To WTO*

Annex B

**RECOMMENDATIONS FROM THE APEC 2000 SME E-COMMERCE WORKSHOP
IN BANDAR SERI BEGAWAN**

The APEC 2000 SME E-Commerce Workshop has made the following recommendations to APEC SME Ministers, to help APEC SMEs embrace and utilize e-commerce:

1. Access to information Infrastructure

- Provide an environment that fosters/encourages investment in *e*-Business by government and private enterprise.
- Assist in lowering Internet access costs along with the improvement of quality of service for SMEs.
- Support an information infrastructure as a resource for SMEs through the establishment of centres for expertise.

2. Human Resources Development

- Respond to the existing “Human Resource Deficit” impeding development of the knowledge-based Economy and recognize the need for new tools and skills.
- APEC Government gives priority to the development of a national and regional e-commerce human resource Master Plan with specific action items and time frames.
- Emphasize public/private sector cooperation, which is of critical importance to HR development in the Knowledge-based Economy.

3. Trust and Regulatory Environment

- Encourage self-regulation whenever possible, but include minimum standards for trust in the marketplace.
- Modify and enhance policies and laws that will foster a supportive environment for *e*-Business and seek compatibility across jurisdictions.
- Encourage SME participation in an active dialogue with governments and suppliers on issues including:
 - Security, Consumer Protection, Liability, Interoperability, Payment Mechanisms.

4. Government and Business Relationship

- Develop *e*-Government to optimise services to SMEs; share information between governments to support best practices adoption; and, proactively share information with SMEs on *e*-Government initiatives
- Develop one-stop *e*-Commerce Information Centres that provide the information Centres that provide the information needed by SMEs
- Undertake a regular and open assessment of *e*-Commerce readiness as part of this process

Annex C

THE WLN RECOMMENDATIONS TO THE APEC SME MINISTERS

The WLN Meeting in Bandar Seri Begawan has made the following recommendations to the APEC SME Ministers:

- Draw upon the Expert Data Base developed by the WLN to ensure the full participation of women in the APEC process.
- Implement training programmes, in particular distance learning, to assist women to access the most advanced training and skills development available.
- Ensure that all women and in particular, young women, indigenous women, rural women and women most at risk have equal access to education and opportunities for skills development.
- Formulate policies which encourage employers to develop more favourable working terms and conditions for women.
- Establish appropriate mechanisms and incentives to facilitate the development of women-owned SMEs and E-businesses.
- Develop incentives for private sector investment in women-owned SMEs.
- Improve access to finance for women-owned SMEs and remove barriers to investment and finance which continue to exist.
- Identify best practice models with respect to access to technology, finance and training for women, and encourage implementation throughout the APEC economies.

Annex D

**RECOMMENDATIONS FROM THE BUSINESS FORUM
IN BANDAR SERI BEGAWAN**

The Business Forum in Bandar Seri Begawan has made the following recommendations to the Ministers:

- Ministers to recognize that new technology can be used to accelerate economic development, but this enabling infrastructure needs to be promoted to SMEs and consumers, and made accessible at affordable costs.
- Ministers to acknowledge that governments of member economies should provide strategic education investments. This should include women, the young and indigenous peoples, to stimulate innovation and entrepreneurship required for knowledge economy.
- Ministers to recognize training as a mutual benefit through which SMEs could gain understanding to make the business transitions afforded by liberalization and ICT. In addition, hardware and software suppliers have a role to play in training by contributing to the creation of an expanded market.
- Ministers to acknowledge that the diversity and depth of capital markets in the more developed economies should be the benchmark for action plans by individual economies to reduce the unevenness of access to finance by SMEs in the APEC economies.
- Ministers to recognize that globalization presented a regulatory challenge to remove legal and non-tariff barriers that impede business efficiency and discourage FDI. There is urgent need for new laws and regional harmonization on standards of security and authentication against cyber-crime.
- Ministers to acknowledge that better benchmarking, compilation and reporting of key SME data is necessary to improve public policy and attract greater investor capital and strategic alliances.

FIRST APEC MEETING OF MINISTERS RESPONSIBLE FOR TOURISM

Seoul, Korea
7 July 2000

SEOUL DECLARATION ON AN APEC TOURISM CHARTER A Ministerial Statement of Purposes and Intent

This declaration captures the spirit of agreement and shared purpose for the development of tourism in the APEC region forged at the XIV meeting of the APEC Tourism Working Group in Manzanillo, Mexico. It reflects a collective commitment to improve the economic, cultural, social and environmental well being of APEC member economies through tourism.

Esta Declaración recoge el espíritu de acuerdos y propósitos comunes para el desarrollo del Turismo en la Región APEC, que se gestó durante la XIV Reunión del Grupo de Trabajo sobre Turismo APEC en Manzanillo, Estado de Colima, México. La Declaración refleja el sólido compromiso colectivo para elevar - por medio del Turismo - el bienestar económico, cultural, social y medio ambiental en las economías APEC.

A. Preamble

1. We, the Ministers responsible for tourism from the Asia-Pacific Economic Cooperation (APEC) region, at our first meeting held on 6-7 July 2000, in Seoul, the Republic of Korea, have made a commitment to the following Charter for the advancement of tourism in our region.
2. As Ministers we recognize the significant contribution tourism makes to our respective economies and the goals of APEC. This Charter serves as a statement of Ministerial purposes and intent to further develop this contribution and acknowledge tourism as a key vehicle for achieving positive and sustainable economic, social, environmental and cultural outcomes in our region and for our respective economies.
3. This Charter establishes four key policy goals and an agreed process for realizing these goals by liberalizing barriers, enhancing competitiveness, capability building, promoting positive policies for the development of tourism, discouraging practices which have a negative impact on members of our economies and on the image of tourism, and identifying emerging issues impacting upon tourism.
4. This Charter defines a clear business plan and work program for the APEC Tourism Working Group (TWG). It is our expectation that the TWG will move quickly to implement this Charter and provide regular progress reports to future Tourism Ministerial meetings.

The policy goals and processes adopted in the Charter are consistent with the goals for free and open trade and investment established in the *Bogor Declaration* and the general principles for trade liberalization and economic and technical cooperation established in the *Osaka Action Agenda*. The Charter also responds to the *Auckland Challenge* to maintain the momentum and deliver on the commitment of APEC and takes into account the *Framework for the Integration of Women in APEC*.

5. Issues raised for direct action pursuant to this Charter are restricted to matters within the portfolio jurisdiction of Tourism Ministers. However, in recognition of the broader impact that governments have on the development and performance of tourism, this Charter provides for the identification of issues outside the jurisdiction of Tourism Ministers that impact on tourism and to alert other relevant APEC fora to such issues for their consideration and action. In this respect, the Charter responds to the request of Economic Leaders to expand the level of co-operation and dialogue among APEC fora.
6. As Ministers we recognize the importance of partnership between the public and private sector to deliver tourism outcomes and achieve the purposes of this Charter. The partnership between the private and public sector is a key feature of the APEC process, as confirmed by Economic Leaders in their 1997 Vancouver Declaration.
7. We acknowledge and extend our appreciation to the private sector for their contribution to the development of this Charter, in particular the World Travel and Tourism Council (WTTC) and the Pacific Asia Travel Association (PATA). We also acknowledge and note the contributions and expectations of the private sector with regard to this Charter provided at the inaugural APEC Tourism Forum held in Hong Kong, China, on 29 April 2000.
8. We also acknowledge and welcome the contribution of other international multilateral organizations such as the World Tourism Organization (WTO), the United Nations and the Organization for Economic Cooperation and Development (OECD) to the development and evolution of the Charter and its implementation.
9. Finally, as Ministers we task the APEC Tourism Working Group (TWG) to move quickly to implement this Charter. It is our expectation that the TWG will provide regular progress reports and make recommendations for refining the Charter at future Ministerial meetings.

B. The Contribution of Tourism

10. Tourism makes a significant economic contribution to the APEC region and APEC member economies. We recognize and value this contribution of tourism, in particular as:
 - a. a key source of economic demand and growth in demand;
 - b. a major employer of both women and men at all economic levels and generator of sustainable employment opportunities;
 - c. a significant earner of foreign exchange;
 - d. an important generator of business opportunity for small and medium sized enterprises;
 - e. an effective vehicle for dispersing economic benefits within and among economies, particularly at the provincial level;
 - f. an important contributor to the achievement of governments' economic, fiscal, social and environmental goals; and
 - g. a catalyst for partnership between the public and private sectors.
11. In acknowledging tourism's economic contribution we note the estimates provided by the WTTC that tourism and travel in the APEC region presently accounts for more than 100 million jobs, generates over US\$2 trillion in travel and tourism-related demand and approximately US\$400 billion in export earnings. We also note that the WTTC is forecasting that by 2010 employment in travel and tourism will increase by more than one quarter (more than 30 million new jobs), and export earnings will increase by almost two-thirds. Total tourism and travel demand in 2010 is expected by the WTTC to exceed US\$3 trillion.

12. Furthermore, we note that tourism within the APEC region accounts for one-quarter of world international visitor arrivals and more than one-third of global international visitor expenditure. Of greater significance is that more than three-quarters of international visitor arrivals in the APEC region are generated by APEC economies, i.e. it is intra-regional.
13. The high level of intra-regional tourism and the experience of the recent Asian currency crisis has highlighted the importance of APEC's broader goals to strengthen our respective economies and provide a stronger platform for sustainable development, economic growth and cooperation. We therefore affirm these broader goals and encourage their achievement in the interests of advancing tourism in the APEC region, and the benefits tourism delivers our economies.
14. We also recognize and value the many non-economic benefits that tourism provides for our respective economies, in particular:
 - a. fostering cross cultural understanding and well-being among and within APEC economies;
 - b. improving our ability to appreciate and provide an incentive and vehicle for sustainable management of our natural environment;
 - c. promoting the development and understanding of local and indigenous cultures, arts and heritage;
 - d. highlighting the need to preserve the social and cultural fabric and integrity of host communities; and
 - e. promoting world peace through the joint efforts of all APEC members in developing international cooperation in a spirit of friendship, dialogue and understanding.

C. Policy Goals

15. We establish the following policy goals for economies to foster the development of tourism and enhance its contribution in the APEC region.

Goal 1: Remove impediments to tourism business and investment

16. ***In particular we will seek to achieve this goal by:***
 - a. promoting and facilitating the mobility of skills, training and labor;
 - b. promoting and facilitating productive investment in tourism and associated sectors;
 - c. removing regulatory impediments to tourism business and investment; and
 - d. encouraging liberalization of services trade related to tourism under General Agreement on Trade in Services (GATS).

Goal 2: Increase mobility of visitors and demand for tourism goods and services in the APEC region.

17. ***In particular we will seek to achieve this goal by:***
 - a. facilitating seamless travel for visitors;
 - b. enhancing visitor experiences;
 - c. promoting inter- and intra-regional marketing opportunities and cooperation;
 - d. facilitating and promoting e-commerce for tourism business;
 - e. enhancing safety and security of visitors; and
 - f. fostering a non-discriminatory approach to the provision of visitor facilities and services

Goal 3: Sustainably manage tourism outcomes and impacts.

18. ***In particular we will seek to achieve this goal by pursuing policies that:***
- a. demonstrate an appreciation and understanding of our natural environment and seek to protect that environment;
 - b. foster ecologically sustainable development opportunities across the tourism sector, particularly for small and medium sized enterprises, employment and providing for open and sustainable tourism markets;
 - c. protect the social integrity of host communities with particular attention to the implications of gender in the management and development of tourism;
 - d. recognize, respect and preserve local and indigenous cultures together with our natural and national cultural heritage; and,
 - e. enhance capability building in the management and development of tourism.

Goal 4: Enhance recognition and understanding of tourism as a vehicle for economic and social development.

19. ***In particular we will seek to achieve this goal by:***
- a. harmonizing methodologies for key tourism statistical collections, consistent with activities of other international tourism organizations;
 - b. facilitating the exchange of information on tourism between economies;
 - c. promoting comprehensive analysis of the role of tourism in member economies in promoting sustainable growth; and,
 - d. expanding our collective knowledge base on tourism issues in order to identify emerging issues and assist implementation of the Charter.

D. Implementation and review mechanisms

20. We as Ministers will demonstrate our commitment to the policy goals in this Charter by developing and implementing individual and collective action plans and identifying issues for consideration by other APEC fora, consistent with APEC practices for such activity.
21. Individual and collective action plans will be developed by economies through the TWG and will reference three key delivery dates, as relevant to the respective economy – namely 2005, 2010 and 2020. Identification of issues for consideration by other APEC fora will be determined as deemed necessary by consensus and will be non-binding to member economies, consistent with APEC practice.
22. The mechanism for nomination, implementation and review of individual and collective action plans and the identification of indirect issues for consideration by other APEC fora pursuant to the policy goals agreed in this Charter will be consistent with established APEC processes and guidelines for the development, updating and reporting of Individual and Collective action plans and as prescribed in Schedule 1.
23. Schedule 1 may be amended and/or modified by the TWG as is deemed appropriate to further the goals and objectives of the Charter. Any such modifications will be advised to Ministers at our regular meetings.
24. Ministers responsible for Tourism will meet again no later than July 2002 and thereafter as agreed to review the full schedule of individual and collective action plans developed by the TWG and to review implementation and discuss any modifications to the Charter as required.

SCHEDULE 1

Procedures for the development of IAPs and CAPs and identification of issues for consideration by other APEC Fora pursuant to the APEC Tourism Charter:

1. Nomination Phase
 - a. Economies to nominate issues relating to policy goals agreed in the Charter to be included in collective plans for consideration by TWG (2/01)
 - b. Economies to nominate issues relating to policy goals agreed in the Charter to be included in package of issues to be referred to relevant APEC fora for consideration by TWG (2/01)
 - c. Economies to nominate individual action plans on matters relating to policy goals agreed in Charter (5/01)
 - d. Economies to have opportunity to engage other economies in bi/multilateral discussion on action plans relating to policy goals agreed in the Charter – all such approaches can be made in strict confidence and participation is on a voluntary basis (5/01).

2. Response Phase
 - a. Economies to confirm and update individual action plans for TWG, including action plans agreed in bi/multilateral discussions (5/02)
 - b. TWG to agree collective action plans (5/01, 5/02)
 - c. TWG to agree issues to be referred to relevant APEC fora (5/01, 5/02)
 - d. TWG to prepare comprehensive schedule of individual and collective plans and issues identified for referral together to APEC Fora (5/02)
 - e. Endorsement of Comprehensive Schedule by 2nd meeting of Tourism Ministers (7/02).

3. Monitoring, Research and Review Phase (post 7/02)
 - a. Economies to report annually in February:
 - i. against performance of individual and collective action plans
 - ii. nominating additions to individual action plans
 - iii. nominating additional issues for collective action plans and referral to other APEC fora for consideration by TWG
 - b. Delivery against actions plans to be verified annually for report to TWG in October consistent with independent verification procedures employed elsewhere by APEC.
 - c. TWG to confirm annually in May changes to individual action plans and agree additions to collective action plans and issues for referral together APEC fora.

TWG to provide for a report to be delivered annually in October on emerging issues and trends in tourism to guide consideration of individual and collective action plans and issues identified to ensure and maintain the relevance of the Charter.

SEVENTH APEC FINANCE MINISTERS MEETING

**Bandar Seri Begawan, Brunei Darussalam
9–10 September 2000**

JOINT MINISTERIAL STATEMENT

Introduction

1. We, the Finance Ministers of Asia-Pacific Economic Cooperation (APEC)¹, met in Bandar Seri Begawan, Brunei Darussalam, to discuss the regional economy and measures to ensure the sustainable growth necessary for increased economic prosperity in our region. Representatives of the International Monetary Fund (IMF), the World Bank and the Asian Development Bank took part in our discussions.
2. The Deputy Sultan of Brunei Darussalam, His Royal Highness the Crown Prince, Prince Haji Al-Muhtadee Billah, granted an audience to the APEC Finance Ministers and Representatives of the International Financial Institutions (IFIs). His Royal Highness noted the improvements in the region's economic prospects, but stressed that APEC still had an important role in helping to build stronger foundations in the region.
3. We note that Brunei's theme for APEC 2000, "Delivering to the Community", reflects the fact that skills development continues to be of crucial importance for the regional economic recovery. It is essential that all the benefits of the revolution in information and communication technology be harnessed for the betterment of APEC member economies.
4. As the region's recovery from the 1997/98 financial crisis has gathered pace, the challenge of maximizing the benefits, and minimizing the risks, of technological change and closer economic integration has become more sharply etched. Taking full advantage of the significantly enhanced opportunities offered by globalization is fundamental to APEC's shared vision of stability, security and prosperity for our peoples. Experience around the world has demonstrated conclusively that growth is a key requirement for an economy to be able to raise incomes and reduce poverty. We therefore welcome the significant improvements in prospects for growth in the region since we last met at Langkawi in May 1999. We resolve to continue to pursue sound economic and financial policies and to carry out the structural reforms necessary to sustain this progress. We also reaffirm the importance of free and open trade and investment for sustainable growth.
5. But globalization may also increase our economies' susceptibility to external shocks and social dislocation. We need robust institutions and well-trained people to ensure that the opportunities are fully exploited. We also need well-designed social policies and programs if all our citizens, especially the least fortunate, are to share the benefits of increased economic prosperity.

¹ Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States of America; and Viet Nam

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6. Equally, if we are to take full advantage of the promise of technological change and the “new economy”, we need a sustained commitment to structural policies which underpin flexible and dynamic national economies.

Economic and Financial Situation

7. We are encouraged by the improvement in economic and social conditions in the economies affected by the crisis of 1997/98, underpinned by continuing strong demand in major export markets. In all of these economies recovery has depended on the extent to which a credible commitment to the implementation of structural reforms, especially in the financial and corporate sectors, has underpinned the steady return of investor confidence.
8. In the United States, the economic expansion concluded a record 113 months in August with remarkable absence of the type of inflationary pressures that typically accompany long expansions. However, a risk remains of inflation pressures emerging from a gap between the growth of demand and potential supply. In Japan a modest recovery appears to be underway, supported by strengthening corporate profitability and investment. However, the output gap is still large and inflation is negative. Increases in personal consumption are key for further recovery. China continues to grow at a robust pace. Economic conditions in other APEC economies have also improved significantly.
9. However, there is no room for complacency. Continued strengthening of macroeconomic fundamentals and pursuit of structural reform are needed in order to secure financial stability and sustainable economic growth in the region. Much remains to be done to implement crucial financial and corporate sector restructuring and to strengthen key domestic financial, economic and judicial institutions. It will also be important to restore the region’s tradition of prudent fiscal management, while remaining vigilant towards inflation as well as the needs of the poor and the vulnerable. In economies where there is a risk of overheating, macroeconomic policy would need to be tightened in the context of a consistent monetary policy and exchange rate regime. We note the risks posed by oil price volatility to the world economic recovery and for developing economies that are heavily dependent on oil market conditions, and the need to stabilize prices at sustainable levels. In the light of rising world demand, we call for appropriate increases in supplies and other necessary measures to promote long-term price stability in the mutual interests of consumers and producers.

Forging a Stronger Global Financial System

10. Efforts to strengthen the international financial architecture have been intensified in the aftermath of the financial crisis. We welcome the progress that has been made since we met at Langkawi and urge continued implementation of reforms, including at a regional and national level. It is important to get the views of all economies in discussions on global financial issues, and APEC Finance Ministers have sought broader representation in this debate. In this regard, dialogue at the new forum of the G-20 is welcome.
11. Progress has been made in developing international standards, codes and best practice guidelines in a wide range of areas, including regulation and supervision of banking, securities, and insurance; corporate governance; economic data dissemination; and transparency of monetary, financial and fiscal policies. In particular, we support the key standards identified by the Financial Stability Forum and encourage APEC economies to implement them in accordance with their circumstances and priorities. These standards will assist our efforts to evaluate and improve the legal, institutional and regulatory frameworks for our economies. In this regard, we urge focused and targeted technical assistance to assist countries in the implementation of key standards.

12. We affirm the importance of and encourage participation in the IMF/World Bank Financial Sector Assessment Program (FSAP) and Reports on Observance of Standards and Codes (ROSC) to strengthen financial systems by assessing countries' implementation of key financial and economic policy standards. These processes will contribute to adapting the IMF's surveillance role and the World Bank's developmental role. Voluntary disclosure of ROSCs can serve to promote policy transparency while enabling more effective measurement of progress towards meeting key standards. We note the importance of basing these assessments on the substantive quality of policies taking account of the circumstances of each economy.
13. It is imperative that the recommendations set out in the reports of the Financial Stability Forum (FSF) Working Groups on highly leveraged institutions (HLIs), Capital Flows and Offshore Financial Centers (OFCs) be implemented. We support the recommendations of better risk management by HLIs and their counterparties, better disclosure practices by HLIs and a review by foreign exchange market participants of existing good practice guidelines. We note that the FSF did not recommend direct regulation of HLIs at this stage but emphasized that it could be considered if, upon review, the implementation of the Report's recommendations did not adequately address the concerns identified. In the light of the growing importance of cross-border capital mobility we emphasize the significance of strengthening the collection, dissemination and publication of aggregate data on cross-border capital flows to cover both debt and non-debt flows. We also welcome recognition of the importance of managing economies' balance sheet risks, and encourage the rapid finalization of the draft IMF/World Bank guidelines for public debt and reserve management with special attention to the risk created by short-term foreign currency liabilities. Regarding OFCs, we urge the IMF, together with other relevant international bodies, to make concrete progress in its plan of action to conduct assessment of these jurisdictions' compliance with relevant international standards. We emphasize the importance of constructive engagement to assist economies to strengthen regulatory and supervisory frameworks.
14. In addition, there is recognition in APEC that economies' integration with world capital markets requires exchange rate policies that are highly credible and consistent with broader economic and financial policies. In this regard, there have been movements towards a mix of exchange rate regimes and macroeconomic policies more compatible with stability and avoidance of financial crises.
15. Private sector participation in the prevention and resolution of crises remains a major challenge. We note the progress that has been made in developing a framework for appropriately involving private creditors for that purpose and we urge the IMF and other relevant bodies to continue their efforts in this field of endeavour.
16. We support the efforts of the IMF and its members to engage in a comprehensive review of its core facilities to enhance its effectiveness. In this context we hope that consensus will soon be reached to make contingency facilities operational. Efforts to improve program design should continue. We also endorse the work of the Multilateral Development Banks to increase their focus on programs and policies directed at reducing poverty. In addition we encourage the international community, including heavily indebted countries themselves, to facilitate the effective implementation of the enhanced HIPC initiative.
17. All the IFIs should continue their efforts to strengthen their own governance and accountability, and to improve transparency. We emphasize the importance of ensuring that representation on the Boards of the IMF and the World Bank and quota/share allocation appropriately reflect the current world economy.

18. We welcome the recent developments in the area of regional cooperation. In the Asian region, ASEAN+3 Finance Ministers agreed on closer cooperation to monitor capital flows, enhance regional surveillance and implement the “Chiang Mai Initiative” that enlarges existing swap arrangements and establishes a network of bilateral swaps. A similar swap arrangement, the North American Framework Agreement, already exists in North America. Cooperative financing arrangements at the regional level designed to complement resources provided by the IFIs in support of IMF programs can be effective in crisis prevention and resolution. We are pleased to note the good progress in negotiations between Singapore and New Zealand to conclude a Closer Economic Partnership.

Building Stronger Foundations

19. Our long-term objective remains to build stronger foundations for sustainable growth in the region by further developing financial and capital markets. Through the APEC process we are building the capacity of our institutions and our labor forces to enable economies in the region to do so. Taken together, our work in APEC on capital flows, strengthening financial markets, corporate governance, insolvency regimes, and financial disclosure and accountability is therefore very timely. Details of the collaborative initiatives we have been pursuing in APEC, as well as new initiatives for the coming year, are contained in the Annex.

Promoting freer and more stable capital flows

20. Fundamental to the development of reliable and efficient financial markets are sound and credible financial policies. In that regard, we endorse the policy conclusions of the Voluntary Action Plan for Promoting Freer and More Stable Capital Flows. In particular, we note that economies are likely to derive substantial benefits from opening to cross-border capital flows provided that sound and credible economic and financial policies are adopted, and robust structures are established to manage risks effectively. We therefore resolve to continue policy reforms that enable us to take advantage of the opportunities available in international capital markets. We will establish in APEC a voluntary policy dialogue on strengthening financial markets, particularly focusing on issues related to the implementation of international financial standards and codes, and we look forward to a report on the results of this initiative when we next meet.

Strengthening financial systems

21. We need to be able to manage difficulties in our financial systems should they occur. We therefore instruct our Deputies to undertake a study of APEC economies’ experiences in managing bank failures, with the goal of developing a set of recommendations based on case studies that illustrate the various lessons drawn from the management of bank failures in our region, and to report back to our next meeting.
22. Over the previous two years, APEC economies have made significant progress towards strengthening financial supervisory systems through the development of training programs for banking supervisors and securities regulators. Given the progress being made in this initiative, we will extend it for a further two years, focusing on more intensive work to assist national regulatory organizations to implement model curricula, and continued provision of regional courses. In addition, to improve the skills and knowledge of life insurance regulators in the region, we welcome Australia’s offer to lead a three-year project on managing regulatory change in life insurance and pensions.

Strengthening economic and corporate governance

23. Sound economic and corporate governance will encourage the return of capital to the region. We welcome the efforts of the OECD and the World Bank to raise the awareness of and the commitment to corporate governance reforms in the region through Roundtable discussions. APEC will undertake a policy dialogue on strengthening corporate governance in this region, starting in early 2001. As part of these efforts, we note the importance of insolvency law reform, and we welcome Indonesia's offer to host a conference in early 2001 to build on the November 1999 conference in Australia and work carried out in other international forums on insolvency law reform. We will assess progress on these initiatives at our next meeting.
24. Financial transparency in the private sector is an important ingredient in risk management and sound corporate governance. We have formed a taskforce on company accounting and financial reporting to improve the quality of financial disclosure and auditing practices in APEC economies.
25. The development of good practices in APEC is facilitated by policy forums directed at experts and practitioners who are able to share experiences and explore common issues. We welcome the contribution to developing sound economic management made by the APEC forums on privatization, pension fund reform and public sector management, held since we last met.
26. An increased private sector role is an important strategy to achieve structural adjustment, particularly in emerging economies. We note the development of a network of public officials, through the Privatization Forum and its cooperation with the OECD Privatization Network, to support and strengthen the capabilities of APEC economies to involve the private sector in government enterprises and services. We also welcome the ongoing development by the Forum of a Compendium of Best Practices for Privatization.
27. We recognize the importance of strengthening transparency and disclosure standards for all market participants for the effective functioning of markets. In this regard, we look forward to the finalization of the report on the results of the survey of Credit Rating Agencies (CRAs) that has been undertaken. A Workshop will be held in Manila next month to discuss the results of the survey among representatives from APEC economies, multilateral financial institutions, CRAs and the investor community.

Fighting Financial Crimes

28. We welcome the agreement to establish an APEC working group that would conduct a survey of the domestic legal and regulatory frameworks for fighting financial crime, building on work already completed by APEC members of the Asia/Pacific Group on Money Laundering (APG). We recognize the need for strong measures to combat money laundering, tax evasion, financial fraud and other criminal or unethical activities. We welcome the work of international groups in combating financial crimes, including the Asia/Pacific Group on Money Laundering (APG), and related efforts by the Financial Action Task Force on Money Laundering (FATF), the OECD, the FSF, and the Committee on Hemispheric Financial Issues (CHFI). In this respect we encourage the International Financial Institutions to work further with their members in developing sound financial and capital markets and good governance.

Improving social safety nets

29. The social impact of the crisis revealed the need for well-designed, flexible, targeted, and cost effective social safety net policies and programs to respond to the needs of the poor

and vulnerable. The experiences in administering social safety nets of the APEC economies are the subject of an on-going study. Three main themes have emerged from this review so far. First, the need for adequate pre-crisis safety net planning. Second, the importance of accurate and timely information on the poor and vulnerable groups. Third, the need to have a range of instruments to ensure adequate targeting and coverage. On the basis of this study we will develop a set of guidelines for responsive and fiscally manageable social safety nets to present to APEC Leaders.

Creating new opportunities with information technology

30. We recognize that information technology (IT) has the potential to increase economic growth. A stable, non-inflationary macroeconomic environment will help businesses and consumers exploit the advantages presented by IT. We note that IT lowers the costs and speeds up delivery of financial services products, thereby contributing to overall greater efficiency and convenience of the financial sector. In this regard, we call on economies to formulate and implement appropriate policies and arrangements to facilitate electronic financial transactions. We also support efforts by APEC member economies and the International Financial Institutions to ensure that the benefits of IT are as widely shared as possible.
31. We welcome the work by the APEC E-Commerce Steering Group, in conjunction with the Subcommittee on Customs Procedures, the Transportation Working Group and other related forums, for "Paperless Trading" as defined in APEC Blueprint for Action on Electronic Commerce. We agree that, building on work in other competent bodies, a working group on electronic financial transactions systems, consisting of financial experts from member economies, will be established to develop and implement programs to foster paperless trading in collaboration with the E-Commerce Steering Group.
32. We also welcome the progress made by the Sub-Committee on Customs Procedures (SCCP) towards trade facilitation, including the elevation of "Paperless Trading" and "Integrity" as new SCCP Collective Action Plans. We urge APEC customs authorities to enhance harmonization of customs data elements, taking into account the outcomes of the G-7 Experts' work. Reaffirming that trade facilitation and enforcement must be well coordinated, we encourage customs authorities to continue strengthening their cooperation.

Achieving APEC's vision

33. We value the contribution of the private sector to our discussions. We welcomed the opportunity for a dialogue with the APEC Financiers' Group, the APEC Business Advisory Council's Financial Architecture Task Force and the Pacific Economic Cooperation Council. We note their views on strengthening economies against future crises, including their work on corporate governance, financial standards and private sector involvement in resolution of financial crises. We task our Deputies to work with the private sector to continue consideration of their recommendations with a view to incorporating them in our on-going work. ABAC will present its final recommendations to Leaders in November.
34. The APEC Seoul Forum on Shared Prosperity and Harmony was successfully held on 31 March – 1 April 2000. In this Forum, senior officials and distinguished scholars discussed policies to prevent the recurrence of economic crises and to alleviate economic and social disparities among APEC economies. We welcome the Forum and hope that this kind of policy dialogue will continue among APEC economies.

35. Effective co-ordination and management of work across the APEC process is important to achieving our goals. We endorse proposals from our Deputies to improve information sharing and coordination between APEC forums and within capitals, including on crosscutting issues. Building closer linkages across APEC's work programs will be made easier for the People's Republic of China with the alignment of the APEC Finance Ministers' process with the rest of the APEC process.
36. We would like to thank the people and Government of Brunei Darussalam for the hospitality extended to all delegations and the excellent arrangements they have made to make the 7th APEC Finance Ministers Meeting a success. We also thank the Co- Chairs of our meeting, Pehin Dato Abdul Rahman Taib of Brunei Darussalam and Hon Dr Michael Cullen of New Zealand.
37. APEC Finance Ministers will next meet in Suzhou, People's Republic of China, in September 2001.

APEC FINANCE MINISTERS COLLABORATIVE INITIATIVES

Voluntary Action Plan for Promoting Freer and More Stable Capital Flows: At the 1997 APEC Finance Ministers' Meeting in Cebu, Ministers agreed that Deputies would prepare a Voluntary Action Plan (VAP) for promoting the freer and more stable flow of capital in the APEC region. The objectives of the VAP include enhancing APEC economies' understanding of the benefits and risks associated with cross-border capital flows; developing a sound understanding of the policies needed to maximise the benefits and minimise the risks associated with cross-border capital flows; and encouraging the implementation of policies to promote robust and open economies in the APEC region.

The VAP is structured in two parts. Part 1 comprises a report analysing the benefits and risks associated with cross-border capital flows and the policies that can assist economies to derive maximum benefit from accessing international capital markets while minimising the risks. Part 2 of the VAP is intended to actively encourage the implementation of policies to promote robust and open economies within the APEC region through a process of policy dialogue. It is envisaged that this process will assist economies to implement key international standards and to explore approaches to the promotion of sound and efficient financial markets. The policy dialogue will be based on particular policy issues or international standards, depending on the priorities identified by economies. It is proposed that the first stage of policy dialogue occur in the second half of 2001.

Development of Domestic Bond Markets: This initiative was launched in 1998 to promote the development of domestic debt markets for more efficient financial intermediation within APEC economies and the global financial system. An initial survey of the state of economies' bond markets identified various impediments to their development. A workshop in Hong Kong, China in December 1998 recommended preparation of a compendium of sound practices and a website to serve as a resource center and facilitate information exchange. Another workshop held in Hong Kong, China in August 1999 finalized the "Compendium of Sound Practices: Guidelines to Facilitate the Development of Domestic Bond Markets in APEC Member Economies", which was published in September 1999.

Bank Failure Management Recent international financial crises have highlighted the importance of sound domestic financial systems and the need for strong, safe and reliable supervisory and regulatory frameworks. Much of the work being undertaken regarding banking regulation and supervision has focused on ways to prevent bank failure and financial system distress. This initiative plans to address the issue of how to manage bank failures when they occur. A report on bank failure management will be prepared, based on how different economies, in different stages, faced financial sector instability and the results they obtained. The report will be presented to APEC Economic Leaders in 2001.

Financial Regulators Training Initiative: The Finance Ministers in 1998 endorsed the APEC financial regulator initiative. Supported by the ADB, this initiative has been steered by advisory groups of bank supervisors and securities regulators. In the first phase of this initiative, the Advisors sponsored an Action Plan for the training of the bank supervisors and securities regulators. This action plan has formed the basis of implementation of the training programs over 1998-2000. The major emphasis of this training initiative has been to develop sustainable and cost effective training process and standardized courses. Specialized training programs have been held to disseminate guidelines and best practices for management of the national training process and to impart training in bank supervision and regulation and securities regulation. The initiative has further encouraged cooperation between international and regional providers of training and among regulators and training providers.

The Finance Ministers have extended this initiative for a period of two years. The advisory groups are to meet in November 2000 to finalize the action plans for training of bank supervision and securities regulators for Phase 2. Carrying forward the work undertaken in Phase 1, Phase 2 is expected to broaden the scope of the training initiative in order to amplify and deepen its impact. In the banking sector, model courses and self study materials will be developed for banking regulations and supervision, credit and market analysis, bank examination, and treasury management and operations. Similarly, materials will be developed for primary and secondary markets, securities regulations and enforcement. These model courses will be prepared in line with the international best practices and will be disseminated through the website. To support the regional training programs, the ADB will be assisting, on a pilot basis, with national level training programs in Philippines, Indonesia and People's Republic of China. The ADB has subcontracted a bank supervision expert to coordinate the course material and training. Simultaneously, model courses will be developed for training regulators in primary and secondary market issues, and enforcement and investigation areas.

Managing Regulatory Change in Life Insurance and Pensions: In recent years, the life insurance industry has become an important component of financial systems in Asia, and there is potential for further growth. The industry can play a significant role in deepening domestic capital markets, better marshalling domestic savings to meet national objectives, and better developing self-financing, private safety nets. This new initiative aims to encourage a well-functioning life insurance industry in the region. Good prudential regulation would assist capital market stability and efficiency, while leaving the industry free to grow strongly. A series of targeted symposiums and training programs will be held over the coming three years to promote improved regulation and actuarial standards and to assess international best practices in risk management, disclosure and accountability.

Strengthening Corporate Governance in the APEC region: This initiative, launched by APEC Finance Ministers at their 1998 meeting in Kananaskis, aims to help member economies of APEC respond to the challenge of achieving global best practice in corporate governance. At their 1999 meeting in Langkawi, Ministers endorsed the recommendations of the report on Strengthening Corporate Governance in the APEC region, which identified the leading issues in Asian corporate governance. Following on from this report, a policy dialogue will be held in March 2001 to promote understanding of corporate governance issues in the region.

Insolvency Law: The Asian financial crisis highlighted weak enforcement and implementation of existing insolvency laws. In recent times measures have been introduced to substantially improve insolvency laws of many economies in the APEC region. The existence of sound insolvency laws will reduce uncertainty for investors and will further promote the process of free trade and investment liberalization. APEC Finance Ministers aim to raise awareness of the importance of establishing and implementing strong insolvency regimes in the region. Australia, in conjunction with the OECD and the World Bank, hosted a symposium on "Insolvency Systems in Asia – an Efficiency Perspective" in November 1999. The symposium was attended by policy makers, members of the judiciary, private sector practitioners, insolvency experts and academics from the region. Indonesia will host a follow-up symposium in early 2001.

Company Accounting and Financial Reporting Task Force: In the years leading up to the 1997/98 financial crisis, inadequate financial and accounting disclosures, auditing practices and regulatory enforcement played an important underlying role in contributing to weak market discipline. APEC Finance Ministers have established a Company Accounting and Financial Reporting Task Force to consider issues related to promoting high quality internationally acceptable standards of accounting and disclosure and auditing practices by business. The Task Force will report to Ministers in 2001. Chinese Taipei will host a workshop on the topic in 2001.

Supporting the Development of Credit Rating Agencies (CRAs) and Strengthening Disclosure Standards: APEC Finance Ministers launched this initiative at their 1997 meeting in Cebu in recognition of the important role CRAs play in developing capital markets in the region. Work on this initiative has progressed under the broader context of international financial architecture discussions, particularly in the area of strengthening transparency and disclosure standards by all market participants. Towards this end and to respond to APEC Economic Leaders' request for a review of the practices of international rating agencies, a survey was undertaken of the codes of conduct and practices currently in use by various CRAs. Interviews have been conducted among international and national CRAs operating in the APEC region on issues such as (a) transparency and accountability in the ratings process; (b) potential sources of conflicts of interest; (c) credibility and reliability of ratings; and (d) unsolicited ratings. A Workshop will be held next month in Manila, the results of which will be reported to APEC Leaders.

Workshop on Public Sector Management: As part of APEC's work on strengthening markets, including efforts to improve private and public sector governance, New Zealand hosted a Workshop on Public Sector Management in May 2000. Given the importance of the public sector in all APEC economies, improving the management of the public sector is central to improving the broader economic performance of member economies. The Workshop provided the opportunity to share reform experiences, effective practices, particularly in financial management and improving public sector productivity, successes and challenges.

Privatization Forum: Thailand hosted the inaugural meeting of the APEC Privatization Forum in November 1999, and Indonesia hosted the second meeting in May 2000. The Forum aims to share experiences and expertise on privatization, including governance and regulation of state enterprises.

Third Regional Forum on Pension Fund Reform: Thailand hosted the Third Regional Forum on Pension Fund Reform in March 2000 following on from forums hosted by Mexico and Chile in 1998 and 1999 respectively. The Third Forum focused on the integration of social security, pension and provident funds together with supervisory and regulatory considerations.

Social Safety Nets: The social consequences of the Asian crisis and other economic and natural events have highlighted the importance of social safety nets as cornerstones of effective public policy. APEC Finance Ministers are seeking to establish a set of guidelines on the use and implementation of safety net policies and programs, taking into account recent economy experiences. Guidelines will be presented to APEC Economic Leaders at their meeting in November 2000.

APEC Initiative on Fighting Financial Crimes: At Bandar Seri Begawan, Ministers agreed that APEC can play a significant role in the fight against the abuse of the financial system. In this regard a collaborative initiative was launched which will conduct a survey of the adequacy of legal and regulatory frameworks in fighting financial crimes, building on work already completed by APEC members of the Asia-Pacific Group on Money Laundering (APG). Results of the survey will be reported to Ministers in 2001. It was further agreed to incorporate elements tied to detection and the combating of money laundering into the model curriculum being developed through the APEC Bank Supervisors Training Initiative, and to develop course content to address abuses of the financial system. The Working Group will promote a policy dialogue, as part of the VAP Part 2 initiative, on the FATF 40 Recommendations based on the APG mutual evaluation results.

Electronic Financial Transactions Systems: IT lowers the costs and speeds up delivery of financial services products, thereby contributing to overall greater efficiency and convenience of the financial sector. In the light of the growing importance attached to achieving "Paperless Trading" and as part of APEC's concerted initiatives towards that goal, Ministers agreed at

Bandar Seri Begawan to launch a working group on electronic financial transactions systems. Building on the work of other competent bodies, the working group will formulate programs to foster the use of electronic means for conducting financial transactions.

The working group, consisting of financial experts from interested economies, will be co-chaired by Japan and Hong Kong, China.

APEC BUSINESS ADVISORY COUNCIL 2000

**Brunei Darussalam
15 November 2000**

REPORT TO THE APEC ECONOMIC LEADERS Facing Globalization the APEC Way: An Overview

What is APEC's relevance to the challenge of globalization? How can the economies of APEC benefit from the opportunities presented by globalization? We, the members of the APEC Business Advisory Council (ABAC), have sought to address these basic questions in our deliberations this year.

Globalization is a large and complex subject with economic, political, and cultural dimensions. ABAC has focused on the economic challenge, which we would describe as follows: On the one hand, globalization provides tremendous opportunities for creating prosperity. The economies of the Asia Pacific are some of the best examples of prosperity through participation in the global economy. International trade and investment are critical to recovery in many of the economies afflicted by the Asian Financial Crisis. On the other hand, the opportunities arising from globalization cannot be taken for granted. Differences in economic performance across the Asia-Pacific indicate that benefiting from globalization requires effective responses from both government and business.

ABAC believes that APEC has special relevance in responding to this challenge.

When all is said and done, APEC is essentially about two things:

Firstly, APEC is about building prosperity through trade and investment liberalization and facilitation. APEC's liberalization and facilitation agenda is about growth through globalization. It recognizes the reality of Asia-Pacific economic interdependence and the rising living standards that are the result of expanding trade and investment.

Secondly, APEC is about broadening access to prosperity through capacity-building. APEC's capacity-building agenda is about the sharing of experiences and resources among APEC members aimed at enhancing the ability of all sections of society to benefit from effective participation in the global economy. It recognizes the reality of the enormous disparities that exist within the Asia Pacific in terms of the capacity to benefit from globalization.

APEC's special relevance lies in the recognition that both market liberalization and capacity-building are necessary and inextricably linked.

ABAC's Two Key Messages in 2000

Within this context, we respectfully present two key messages to APEC Leaders.

Firstly, APEC must stay on track in its trade and investment liberalization and facilitation agenda because trade and investment are central to the prosperity of the region and the world.

At the global level, APEC must continue to be a strong voice for a healthy multilateral trading system underpinned by the World Trade Organization (WTO). Regionally, APEC must not falter in its progress towards APEC's Bogor Goals of open trade and investment for developed APEC economies by 2010 and for all APEC economies by 2020. ABAC urges APEC Leaders to

reiterate their position that openness to trade and investment are critical for growth and development in the region.

To support progress towards APEC's Bogor Goals, we recommend initiatives to strengthen APEC's Individual Action Plan (IAP) process. We also emphasize the need to make the conduct of business easier by addressing the issue of non-tariff barriers, to remove impediments arising from differing domestic standards and to promote business mobility within the region.

Secondly, APEC must go beyond acknowledging the need for capacity- building to giving substance to it. Here we recommend that APEC can make a difference by focusing on two key priorities. APEC should focus on initiatives to promote financial stability at domestic, regional, and global levels. The other priority is to improve access to the opportunities from technological progress for all APEC economies, which is particularly important for small and medium enterprises (SMEs).

Outreach is Important

Beyond these two key messages, ABAC would like to place the challenge of outreach squarely in the APEC program. Outreach involves two dimensions.

The first is substantive and concerns the relevance of the APEC Agenda. ABAC believes that APEC's holistic approach of market liberalization underpinned by capacity-building, outlined above, passes the test of relevance.

The second dimension has to do with how the message is communicated. At a time when there is growing anxiety and ambivalence towards globalization, the benefits of globalization and the relevance of APEC need to be more clearly articulated and better understood by a much larger part of our communities.

ABAC applauds APEC's increasing outreach to the business community in government-to-business dialogues as well as private-public partnerships in capacity- building efforts. The cooperation between APEC's Energy Working Group and the Energy Business Network, and the progress in the APEC Food System initiative are excellent examples of this outreach. These efforts have brought tangible benefits and have deepened the understanding of both parties of the benefits of APEC's trade liberalization, facilitation, and capacity-building initiatives.

APEC's future effectiveness requires that understanding of what APEC is about be extended beyond officialdom and the business community to society at large. The challenge before APEC is to reach out to all of society, so that the benefits of globalization, and of APEC itself, can be better understood and more effectively delivered to all our communities.

ABBREVIATIONS

3Es	Economic Growth, Energy Security and Environmental Protection
ABAC	APEC Business Advisory Council
ADB	Asian Development Bank
AEM	APEC Education Ministers
AEMM	APEC Education Ministers Meeting
AFS	APEC Food System
AIDS	Acquired Immune Deficiency Syndrome
APEC	Asia-Pacific Economic Cooperation
APERC	Asia Pacific Energy Research Centre
APG	Asia Pacific Group on Money Laundering
APII	Asia-Pacific Information Infrastructure
APIS	Asia Pacific Information Society
ASEAN	Association of South-East Asian Nations
ATCEG	Agricultural Technical Cooperation Experts Group
ATCWG	Agricultural Technical Cooperation Working Group
BMC	Budget and Management Committee
CAP	Collective Action Plan
CEPI	Consumer Education and Protection Initiative
CHFI	Committee on Hemispheric Financial Issues
CRA	Credit Rating Agencies
CTI	Committee on Trade and Investment
EC	Economic Committee
ECOTECH	Economic and Technical Cooperation
ECSG	Electronic Commerce Steering Group
EdFor	APEC Education Forum
EDI	Electronic -Data-Interchange
EDNET	APEC Education Network
e-IAPs	Electronic Individual Action Plans
ESC	SOM Sub-Committee on Economic and Technical Cooperation
EVSL	Early Voluntary Sectoral Liberalisation
EWG	Energy Working Group
FATF	Financial Action Task Force on Money Laundering
FDI	Foreign Direct Investment
FSAP	Financial Sector Assessment Program (by IMF/World Bank)
FSF	Financial Stability Forum
GATS	General Agreement on Trade in Services
GBDe	Global Business Dialogue on Electronic Commerce
GEI	Group on Economic Infrastructure
HIV	Human Immunodeficiency Virus
HLI	Highly Leveraged Institution

HRD	Human and Resource Development
HRD WG	Human Resource Development Working Group
IAPs	Individual Action Plans
ICAIS	International Charging Arrangements for Internet Services
ICT	Information and Communication Technology
IFI	International Financial Institution
IMF	International Monetary Fund
IT	Information Technology
ITU	International Telecommunication Union
IWS	Infrastructure Workshop
KBE	Knowledge-based Economy
MRA	Mutual Recognition Arrangement
MRT	Ministers Responsible for Trade
NTMs	Non-Tariff Measures
OAA	Osaka Action Agenda
OECD	Organization for Economic Cooperation and Development
OFC	Offshore Financial Center
PATA	Pacific Asia Travel Association
PECC	Pacific Economic Cooperation Council
PLGSME	Policy Level Group on Small and Medium Enterprises
RISE	Regional Integration for Sustainable Economies
ROSC	Reports on Observance of Standards and Codes
SCCP	Sub-Committee on Customs Procedures
SME	Small and Medium Enterprises
SMEWG	Small and Medium Enterprises Working Group
SOM	Senior Officials' Meeting
SPAN	Integrated Plan of Action for SME Development
TEL	Telecommunications Working Group
TELMIN	Ministerial Meeting on Telecommunications and Information Industries
TILF	Trade and Investment Liberalisation and Facilitation
TWG	Tourism Working Group
VAP	Voluntary Action Plan
WTO	World Trade Organisation
WTTC	World Travel and Tourism Council