

Selected APEC Documents

————— **1999** —————



**Asia-Pacific Economic Cooperation
Secretariat**

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APEC ECONOMIC LEADERS' DECLARATION

Auckland, New Zealand

13 September 1999

THE AUCKLAND CHALLENGE

We, the Economic Leaders of APEC, celebrate here in Auckland ten years of unprecedented cooperation in our region, in pursuit of a vision of stability, security and prosperity for our peoples. We shall continue to exercise leadership to reach our goals and to meet the challenge we have set ourselves.

We welcome the improved performance and prospects of our economies since we last met, and commend the actions taken to reform those economies affected by the crisis. The cooperative growth strategy we adopted in Kuala Lumpur, and sound macroeconomic policies in key economies, have supported the restoration of confidence and growth, and have allowed us to share growing confidence about our prospects.

We are not complacent about the risks that might impede recovery and sustainable growth and we will sustain the momentum for reform. Continued multilateral and bilateral support is still important. We welcome and endorse the efforts of Ministers through the year in pursuit of APEC's goals. As Leaders, we accept responsibility for resisting protectionism, opening markets further, and addressing structural and regulatory weaknesses that contributed to the economic downturn from 1997. We will achieve this by strengthening our markets through regulatory reform and enhanced competition and by improving the international framework governing trade and investment flows. To this end we commit to the launch of a new Round of negotiations in the World Trade Organisation.

All people in our communities have a stake in the success of APEC. We want to ensure they achieve their full potential for improved economic and social well being. We particularly welcome the more active participation of women and business in APEC's work this year.

Supporting Growth through Strong and Open Markets

Improved competitiveness through ongoing reform is the road to recovery and sustainable growth. Through APEC, we seek to expand opportunities for business and employment growth, build strong and open markets and ensure that our communities and economies can participate successfully in the international economy. Open, transparent and well-governed markets, both domestic and international, are the essential foundation of prosperity and enable enterprises to innovate and create wealth.

We will strengthen our 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 favourable regional and international environment for free and fair competition

In reconfirming our commitment to achieve the Bogor Goals of free and open trade and investment by 2010/2020, we endorse the attached *APEC Principles to Enhance Competition and Regulatory Reform*. These principles provide a core part of the framework for strengthening our markets which will better integrate individual and collective actions by APEC economies to achieve those goals.

We accept Ministers' proposals for an initial work programme to strengthen markets. This gives priority to strengthening market infrastructure and human capacity in our economies and enterprises, especially in developing economies. It also calls for specific implementation strategies in areas such as natural gas and e-commerce. We call upon the private sector, including the APEC Business Advisory Council (ABAC) and the APEC Financiers' Group, to contribute to these efforts.

We welcome and endorse the work of our Finance Ministers, and encourage their efforts to strengthen domestic financial markets and secure the foundation for the return of capital to the region by:

- Enhanced supervision of financial markets, including through improved training of supervisors and regulators.
- Developing domestic bond markets based on the just published *Compendium of Sound Practices*.
- Developing and applying agreed corporate governance principles.

The alignment of the APEC Finance Ministers' process with the APEC Leaders' process offers new opportunities for cooperation. We instruct our Ministers to pursue greater links among APEC fora and their work programmes. We look forward to receiving a report from Finance Ministers of further progress in dealing with financial market issues when we next meet.

We reaffirm that individual actions by economies are the principal means by which APEC's goal will be attained. We acknowledge that progress towards the Bogor Goals has been uneven, and undertake to continue concrete actions to fulfil our commitment. We also accept the views of ABAC and other business representatives who have called for action plans to be more specific, transparent and comprehensive, and welcome the initiative by Ministers to review and strengthen processes for individual and collective actions under the Osaka Action Agenda.

APEC's trade facilitation programmes are already delivering substantial benefits – in customs harmonisation, standards and conformance, and increased mobility of business people. We welcome the agreed new initiatives, and instruct Ministers to give priority to this work next year, in consultation with business, and to better communicate the value of APEC's trade facilitation role.

Enhanced economic and technical cooperation is essential if we are to lift our peoples into prosperity, and narrow the development gap among Asia-Pacific economies. The financial crisis has underlined the importance of cooperation in human and institutional capacity building, science and technology exchanges and development of infrastructure. We direct our Ministers to give special attention in the coming year to improving effective and coordinated delivery of APEC's ECOTECH and capacity building programmes, in accordance with the Manila Declaration.

We welcome Ministers' report on the APEC Food System proposed by the APEC Business Advisory Council, and endorse its recommendations on the development of rural infrastructure,

dissemination of technological advances in food production and processing, and promotion of trade in food products. A robust regional food system that efficiently links food production, food processing and consumption, is a vital contribution to meeting the objectives of APEC. We instruct Ministers to implement the recommendations, taking into account ABAC's submission this year, and monitor annually progress towards achieving the APEC Food System.

We recognise the key role that electronic commerce will play in linking our economies. APEC must continue its efforts to create a favourable environment for ecommerce in cooperation with the private sector.

In a little over 100 days, APEC economies will face the challenges and risks of the century date change. Intense activities in economies and throughout the region have lessened risks but more cooperative planning must occur. We recognise that global interdependence means we must continue our efforts to prepare, accelerate cross-border contingency planning, and enhance transparency about readiness as a matter of the highest priority. We adopt the APEC Y2K 100 Days Cooperation Initiative to intensify cooperation for responding to potential Y2K events. We agree to share information and expertise about Y2K impacts on critical infrastructures during and after the date change.

APEC in the Global Economy

APEC will continue to play a leadership role in strengthening the global economy, especially the multilateral trading system.

Strong financial systems are fundamental to achieving robust, open and growing economies. We welcome the report from our Finance Ministers on developments in strengthening the international finance architecture and are encouraged by the progress made. The establishment of the Financial Stability Forum and the new informal mechanism to enhance dialogue among the systemically important economies should advance cooperation on strengthening the international financial system. We support ongoing efforts to improve crisis prevention and crisis resolution, and urge prompt action to improve transparency of highly leveraged institutions. We also support the developing consensus on the need to ensure that reforms of the international financial system, and domestic financial markets, are mutually reinforcing. APEC's diverse membership provides a special contribution to discussions on domestic and international financial reforms. In respect of both the public and private sectors, APEC advocates:

- greater transparency and openness including improved reliability and timeliness of information; and
- clearer accountability for decisions and judgements.

This year, APEC has a unique opportunity to give impetus to deliberations in the World Trade Organisation (WTO). We will give the strongest possible support at Seattle to the launch of a new Round of multilateral negotiations within the WTO, and endorse the positions adopted by Ministers. We recognise the need to build public confidence in this process and to improve coordination on trade related matters among relevant international organisations. We agree on the importance of ensuring full implementation of existing WTO agreements. We see continued growth in international trade and investment as the best means of achieving prosperity and security.

In particular, we agree that the new Round should:

- Include comprehensive market access negotiations covering industrial tariffs in addition to the already mandated negotiations on services and agriculture

- Lead to timely and effective improvements in market access to the benefit of all participating economies, particularly developing economies, and
- Consistent with this objective, provide scope to review and strengthen rules and disciplines
- Have a balanced and sufficiently broad-based agenda and be concluded within three years as a single package which does not preclude the possibility of early results on a provisional basis

We support, as one of the important objectives of the negotiations on agriculture, the abolition of agricultural export subsidies and unjustifiable export prohibitions and restrictions.

We call on all WTO members to join us at Seattle in a commitment not to impose new or more restrictive trade measures for the duration of the negotiations, as applied during the Uruguay Round. We pledge not to impose any such measures before the Seattle WTO Ministerial meeting.

Support for ongoing WTO negotiations will remain a key area of APEC's work throughout those negotiations. In particular we resolve to work actively in the negotiations to ensure that APEC and WTO are mutually reinforcing. To respond fully to the challenges and opportunities of today's interdependent world for the benefit of all our peoples and to avoid fragmentation of the international trading system, we need to ensure convergence between regional and multilateral liberalisation initiatives.

In order to achieve universality of membership, we also seek early progress in the accession negotiations to the WTO, including for those APEC economies that are not yet WTO members. We issue a strong call for these accession negotiations to be concluded at the earliest opportunity, if possible prior to commencement of the new WTO negotiations.

Participation in Prosperity

As Leaders, we recognise our responsibilities to ensure full and successful participation by all of our populations in the modern economy. Technological change has irreversibly integrated global markets for goods and services, and finance. The effective development and application of knowledge will be a key driver of future economic success, and we pledge to ensure that APEC economies are to the forefront of building and sharing their expertise in this vital sector. Cooperation in such fields as e-education, science and technology and life-long skills development should be strengthened. Globalisation must become an opportunity for all.

We commit to ensuring that APEC takes a leading role in enabling developing economies to participate successfully in the global economy, through enhancing human and institutional capacities and progressively opening markets. We recognise that income and wealth disparities between and within economies can pose a challenge for social stability. Appropriate social safety nets play a role in facilitating economic and social adjustment. We welcome efforts by APEC economies, and other institutions, to address social safety net issues, and encourage further efforts to maintain employment and environmentally sustainable growth. In that regard, we welcome the outcomes of the Human Resources Development and Small and Medium Enterprises Ministerial Meetings. APEC economies will pursue enhanced dialogue and continue to seek policy approaches that encourage inclusion and economic advancement, as well as initiative and innovation.

We welcome 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. We shall review implementation of the Framework when we next meet.

In 1999, we have enhanced opportunities for business, especially smaller enterprises, to make their views known in APEC. Those views are of keen interest to us. Further dialogue with the private

sector, at all levels, is essential to maintain the dynamism and relevance of APEC. We also look to the private sector for support for reform.

Once again, we welcome the recommendations from the APEC Business Advisory Council, ABAC, and thank members of the Council for their contribution in areas such as capacity building, finance, food, e-commerce and air services. We instruct Ministers to take the ABAC recommendations into account during their work in 2000. We support implementation of the eight steps for more competitive air services, and the identification of further steps to liberalise air services in accordance with the Bogor Goals. Tourism and air services have a large contribution to make to development and community building in the region.

Conclusion

As Leaders, we recognise that our role in APEC, as in our own economies, is to set the course which will allow for sustainable development and which will deliver a strong social dividend to our populations. We acknowledge that economic adjustments may be difficult, and that there is social cost which must be reduced. But we are united in our belief that the path to increased prosperity requires continual reform and adjustment of our policies and outlook. An open regional framework, within which competition and cooperation flourish, is the best means of building a prosperous future together. We embark on APEC's second decade confident that a deepening and enduring spirit of openness, partnership and community is being built. The challenge we collectively face is to maintain our momentum and deliver on our commitment. We accept the challenge.

Attachment:

APEC PRINCIPLES TO ENHANCE COMPETITION AND REGULATORY REFORM

Open and Competitive Markets are the Key Drivers of Economic Efficiency and Consumer Welfare

Recognising the strategic importance of developing competition principles to support the strengthening of markets to ensure and sustain growth in the region and that these principles provide a framework that links all aspects of economic policy that affect the functioning of markets;

Recognising that these principles are non-binding and will be implemented by each member economy voluntarily, consistent with the way APEC operates;

Recognising that the adoption of these principles for policy development needs to take account of, and encompass the diverse circumstances of economies in the region and the different priorities that arise from these circumstances;

Recognising that member economies will have flexibility to take into account their diverse circumstances in implementing this framework;

Recognising that policy and regulation in APEC economies may properly have objectives other than promoting competition;

Recognising that exemptions and exceptions from a competition driven regulatory framework may be necessary and that these will be implemented in a way that minimises economic distortions, giving consideration to this framework;

Recognising that an improved competitive environment is beneficial to small and medium sized enterprises, and that extensive consultation has occurred with the business community in developing these principles; and

Drawing upon relevant inputs from various APEC fora and the Pacific Economic Cooperation Council's *"Principles for Guiding the Development of a Competition-Driven Policy Framework for APEC Economies"*;

APEC endorses the following principles:

Non Discrimination

- (i) Application of competition and regulatory principles in a manner that does not discriminate between or among economic entities in like circumstances, whether these entities are foreign or domestic.

Comprehensiveness

- (ii) Broad application of competition and regulatory principles to economic activity including goods and services, and private and public business activities.
- (iii) The recognition of the competition dimension of policy development and reform which affects the efficient functioning of markets.

- (iv) The protection of the competitive process and the creation and maintenance of an environment for free and fair competition.
- (v) The recognition that competitive markets require a good overall legal framework, clear property rights, and non discriminatory, efficient and effective enforcement.

Transparency

- (vi) Transparency in policies and rules, and their implementation.

Accountability

- (vii) Clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development of policies and rules, and their administration.

Implementation

To achieve this^{*}, APEC member economies will make efforts to:

- 1) Identify and/or review regulations and measures that impede the ability and opportunity of businesses (including SMEs) to compete on the basis of efficiency and innovation.
- 2) Ensure that measures to achieve desired objectives are adopted and/or maintained with the minimum distortion to competition.
- 3) Address anti-competitive behaviour by implementing competition policy to protect the competitive process.
- 4) Consider issues of timing and sequencing involved in introducing competition mechanisms and reform measures, taking into account the circumstances of individual economies.
- 5) Take practical steps to:
 - Promote consistent application of policies and rules;
 - Eliminate unnecessary rules and regulatory procedures; and
 - Improve the transparency of policy objectives and the way rules are administered.
- 6) Foster confidence and build capability in the application of competition and regulatory policy. This will be achieved, *inter alia*, by:
 - Promoting advocacy of competition policy and regulatory reform;
 - Building expertise in competition and regulatory authorities, the courts and the private sector; and
 - Adequately resourcing regulatory institutions, including competition institutions.
- 7) Provide economic and technical co-operation and assistance and build capability in developing economies by better utilising the accumulated APEC knowledge and expertise on competition policy and regulatory reform, including by developing closer links with non APEC sources of technical expertise.

^{*} Recognising that efforts will seek to avoid the duplication of work of other fora, as appropriate.

- 8) Build on existing efforts in APEC to help specify approaches to regulatory reform and ensure that such approaches are consistent with these principles.
- 9) Develop programmes, including capacity building and technical assistance, to support the voluntary implementation of the approaches to regulatory reform developed by relevant APEC fora.
- 10) Develop effective means of co-operation between APEC economy regulatory agencies, including competition authorities, and ensure that these are adequately resourced.

ELEVENTH APEC MINISTERIAL MEETING

Auckland, New Zealand

9-10 September 1999

JOINT STATEMENT

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 Eleventh Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting in Auckland, New Zealand on 9-10 September 1999. 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.

2. The meeting was chaired by the Rt Hon Don McKinnon, Minister of Foreign Affairs and Trade, and the Hon Dr Lockwood Smith, Minister of International Trade, of New Zealand. The agenda of the meeting was structured to reflect the three themes of APEC 99:
 - expanding opportunities for business around the region;
 - strengthening the functioning of markets; and
 - broadening support for APEC.

THEME 1: EXPANDING OPPORTUNITIES FOR BUSINESS AROUND THE REGION

Individual Action Plans

3. Ministers reaffirmed the central role of Individual Action Plans (IAPs) in delivering liberalisation, facilitation and reform under the APEC process. In 1999, both APEC members individually and the Pacific Economic Cooperation Council reviewed Individual Action Plans to gauge progress made since 1996 towards achieving the Bogor goals of free and open trade and investment. Both reviews showed that progress was occurring under the IAP mechanism in terms of each of the areas covered by the Osaka Action Agenda (OAA) with little backsliding evident. At the same time, Ministers agreed that the reviews had shown that the IAP mechanism could be improved and directed that a programme of work be carried out in 2000 to:
 - improve the transparency of IAPs (including the streamlining of reporting requirements);
 - develop improved guidelines for use by member economies to show how they intended to achieve the Bogor Goals; and

- develop means by which the OAA guidelines might be better defined in areas where this is required.
4. Ministers directed that the work programme on the IAP mechanism be conducted in conjunction with the review of Collective Action Plans. They agreed that the Committee on Trade and Investment should take a leading role. Ministers emphasised the need for member economies to consult closely with business, including the APEC Business Advisory Council (ABAC) in developing the work programme. They noted ABAC's view that business is looking to the developed economies to take a lead in the APEC process and show clearly how the Bogor goals are going to be achieved.
 5. Ministers welcomed the submission this year by five economies—Australia; Brunei Darussalam; Japan; the Philippines; and the United States—of their IAPs to voluntary peer review by other APEC members, and welcomed the offers by a further five members—Indonesia; Mexico; Peru; Singapore; and Thailand—to do so next year. Ministers agreed that IAP peer reviews were becoming increasingly useful and valued and that APEC should seek to raise the profile and increase the rigour of the peer review process. Ministers directed officials, as part of next year's work programme, to look at conducting regular peer reviews for member economies on a voluntary basis.

1999 Individual Action Plans

6. Ministers welcomed the submission of improved 1999 IAPs and commended the efforts which member economies are making to respond to the recommendations of ABAC. Ministers highlighted a number of improvements reported by members which illustrate the real changes underway in many economies: 18 members have implemented significant tariff reductions; 12 have made improvements in the area of non-tariff measures; 17 have further liberalised their investment regimes (in some cases drawing on APEC's menu of options for investment liberalisation and business facilitation); 18 report improvements in the areas of competition policy/deregulation; and there were significant advances reported in the areas of intellectual property rights, services, standards and conformance, customs procedures and the mobility of business people. The 1999 IAPs are available on the APEC Secretariat website.

Collective Action Plans

7. Ministers endorsed the 1999 Committee on Trade and Investment (CTI) Annual Report and commended the progress the CTI has made this year in implementing APEC's Collective Action Plans (CAPs). Emphasising the importance of the CAPs to boosting trade and investment flows through lowering transaction costs for business, Ministers highlighted the following key achievements:
 - *APEC Principles to Enhance Competition and Regulatory Reform* (which are non-binding);
 - *Non-binding Principles on Government Procurement*;
 - An APEC Mutual Recognition Arrangement on Electrical and Electronic Equipment.

8. Ministers endorsed the priority which will be given in the CTF's 2000 work programme to broadening and deepening APEC's CAPs, for example in services, and to consideration of possible new areas to be included.
9. Ministers expressed their appreciation for the contribution of Ambassador Edsel Custodio of the Philippines as CTF Chair over the past two years, and welcomed the appointment of Mr Joe Damond of the United States as his successor.

Trade and Investment Facilitation

10. APEC's trade and investment facilitation work has played a critical role in improving conditions for business in the APEC region. It has helped business save time and money. It has responded to business' calls for less paperwork, simplified procedures and easier access to information. Improved facilitation has provided internet access to essential market information and introduced greater consistency and certainty in legal and regulatory frameworks in the region. Highlights of key trade facilitation achievements for APEC to date are included in the attached annex.
11. Noting that APEC's voluntarist and cooperative approach makes it well suited to advancing facilitation work, Ministers directed that work in this area should be intensified. They instructed officials to consider the proposal by Hong Kong, China on development of APEC principles on trade facilitation. APEC's trade facilitation work is not well known and future outreach efforts will be required in order to improve business and community understanding.
12. Ministers welcomed the success of the first APEC Investment Mart held in Seoul, 3-5 June. They agreed that stimulating the flow of investment in the region was critical to long-term recovery. They thanked China for its offer to host the Second APEC Investment Mart in 2001.

APEC Food System

13. Recalling the instruction of Leaders in Kuala Lumpur that Ministers study ABAC's proposal for an APEC Food System, Ministers welcomed the SOM report and endorsed its recommendations to Leaders. Ministers recognised that building a robust regional food system that efficiently links together food production, food processing and consumption to meet the food needs of our people is an essential part of achieving sustainable growth, equitable development and stability in the APEC region. Ministers emphasised the importance of addressing the three areas of rural infrastructure development, promotion of trade in food products and dissemination of technological advances in food production and processing.

APEC and the WTO

14. Ministers agreed that their meeting was an historic opportunity for APEC to contribute to the successful launch of a new Round of WTO negotiations. They reaffirmed their commitment to open regionalism and to the multilateral trading system, underlining the critical importance of the forthcoming WTO negotiations in liberalising trade and investment within the region and in encouraging growth in the global economy.
15. Ministers stressed the importance of ensuring full implementation of the existing WTO agreements. They encouraged an acceleration in the accession negotiations of non-WTO APEC members in accordance with WTO rules, based on commercially viable market access

- commitments and a balance of rights and obligations. They supported an agreement that all acceding economies will participate in some capacity in the forthcoming negotiations.
16. Ministers welcomed the agreement reached by APEC Ministers Responsible for Trade in June that the forthcoming WTO negotiations should encompass industrial tariffs, in addition to the already mandated negotiation on the built-in agenda, principally agriculture and services.
 17. They agreed in addition that the agenda for the negotiations be balanced and sufficiently broad-based to respond to the interests of all economies; and confirmed the negotiations should conclude within three years.
 18. They agreed that negotiations should deliver timely and effective market access for all participating economies, in particular developing economies, as well as provide scope to review and strengthen rules and disciplines consistent with this objective; and that the negotiations on those issues agreed at Seattle for inclusion in the three-year negotiation should be structured so that the outcomes are finalised, bound and fully implemented as a single package.
 19. Ministers agreed 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.
 20. They agreed that, consistent with its support for the principle of special and differential treatment in the negotiations, APEC supports development and other dimensions in which the APEC concept of differential timing for the achievement of free trade is one useful means of meeting developing economy concerns.
 21. They agreed also on the importance of achieving early progress on improved market access for goods and services from least developed economies in the forthcoming WTO negotiations.
 22. Ministers supported an extension to the current moratorium on duties on electronic commerce transactions, to be agreed at Seattle. They also supported efforts to reach an agreement on transparency in government procurement at Seattle. They noted interest in facilitation of trade but that further discussion, including on details of the scope of the work proposed, was required before agreement can be reached on how to proceed.
 23. They agreed to continue work on all other areas which have been raised in proposals in Geneva, as outlined in the provisional list attached and any further proposals which may be tabled, in order to determine at Seattle how they should be treated.
 24. With regard to the negotiations on agriculture, they agreed, as recommended in the APEC Food System Report to Leaders, that APEC would actively and constructively participate in the forthcoming WTO negotiations on agriculture to consider tariffs and non-tariff measures further in the context of Article 20 of the WTO's Agreement on Agriculture and convey to the WTO membership APEC's support for the abolition of agricultural export subsidies and unjustifiable export prohibitions and restrictions.
 25. As a potential contribution to comprehensive services negotiations they noted APEC's demonstrated expertise, including in areas such as transportation, tourism, environmental and energy services.

26. Ministers of participating economies agreed that the APEC Accelerated Tariff Liberalisation (ATL) initiative was adding impetus to the preparations for the comprehensive WTO negotiation on industrial (non-agricultural) tariffs. They noted progress towards the achievement of a critical mass of support for the initiative in the WTO and agreed that the initiative should continue to be progressed endeavouring to conclude agreement in the WTO in 1999. They further agreed that participating economies should continue to engage with WTO members with the objective of realising the ATL package on the basis of critical mass, based on APEC's Early Voluntary Sectoral Liberalisation (EVSL) initiative agreed by Ministers in Kuala Lumpur, by the end of next year. They also agreed that implementation should be undertaken on a provisional basis with full and final binding as part of the conclusion of the single package.
27. Ministers agreed that support for and consultation among APEC economies about ongoing WTO negotiations should remain a key area of APEC's work throughout the course of negotiations.

Early Voluntary Sectoral Liberalisation (EVSL)

28. Ministers welcomed progress on implementing the non-tariff measures, facilitation and ECOTECH elements of the EVSL initiative, and agreed a further set of initiatives in 1999, which is attached as Annex B, as part of the regular work of the relevant fora. Ministers requested reports on the outcome of these projects during 2000.

THEME 2: STRENGTHENING THE FUNCTIONING OF MARKETS

29. The pace of globalisation and the scope and depth of the economic crisis have underscored the need for policy responses that provide for efficient, flexible and competitive markets in the APEC region. Trade and investment liberalisation is a central and indispensable element. But the agenda is much broader. As the economic crisis has underlined, reforms in other public sector policies, corporate governance and financial systems are crucial. Business facilitation and capacity building are also required.
30. "Strengthening markets" provides an integrative framework that can bring together APEC's work in key areas such as trade and investment, competition and regulatory reform and capacity building, with a view to generating sustained growth in APEC economies. Ministers endorsed for referral to Leaders, *APEC Principles to Enhance Competition and Regulatory Reform*, which provide a critical policy underpinning to the strengthening markets framework.
31. In addition, Ministers agreed to a "road map" that sets out future work by APEC to strengthen markets in the region. Specific elements include:
- Individual and collective implementation of the *APEC Principles to Enhance Competition and Regulatory Reform*;
 - Continued work in the areas of economic and corporate governance (including through the APEC Finance Ministers' process);
 - Application of the strengthening markets framework to APEC's work on economic and technical cooperation (with APEC projects in the area of public sector management and human resource development for structural reform already having been agreed); APEC

will seek to develop other such ECOTECH projects in support of institutional strengthening and capacity-building efforts which are prerequisites for the strengthening of markets;

- Work to strengthen market infrastructure, in particular in the area of legal infrastructure and the development of small and medium enterprises and new businesses;
 - Development of APEC's analytical work to support APEC efforts to strengthen markets;
 - An intensification of effort in trade facilitation, with a focus on tangible outcomes for business;
 - Ensuring the "work programme to improve the IAP mechanism" takes into account the strengthening markets policy framework and in particular the APEC Principles to Enhance Competition and Regulatory Reform;
 - Application of strengthening markets principles by implementing specific areas of APEC's work, including electronic commerce, air services and energy.
32. Ministers welcomed continued progress on the Natural Gas Initiative and the Best Practices for Independent Power Producers as useful strengthening markets initiatives in the energy sector. These measures would help spur economic activity worth tens of billions of dollars and significantly reduce the risks and costs of investment in energy infrastructure. Ministers encouraged continued cooperation with the private sector on this initiative.

Economic and Technical Cooperation

33. Ministers endorsed the SOM 1999 Report on Economic and Technical Cooperation while noting that APEC efforts to build capacity and strengthen institutions were critical to a return to sustainable growth in the region. Such efforts are needed to complement and support the range of other policies required to strengthen markets, and to enhance the capacity for long-term growth and development in APEC.
34. Ministers agreed that efforts to strengthen economic and technical cooperation under the Manila Framework for Strengthening Economic Cooperation and Development should be intensified. In this respect, the appointment of coordinators to review progress under the Manila Framework was a highly welcome development. Ministers endorsed the work programmes put forward by the respective coordinators: China on Harnessing Technologies for the Future; Korea on Encouraging the Growth of Small and Medium Enterprises; and Canada on Developing Human Capital.
35. Ministers also agreed to:
- establish an ECOTECH Clearing House to enhance information flows between the identification of ECOTECH needs and the capacity to provide appropriate expertise to meet those needs. The Clearing House will be implemented from January 2000;
 - endorse an ECOTECH Weightings Matrix to assist APEC in its evaluation of ECOTECH project proposals.

36. Ministers strongly reaffirmed the need for ongoing priority to be accorded to key APEC initiatives: the Kuala Lumpur Action Plan in Skills Development and the Agenda for Science and Technology Cooperation into the 21st Century. They welcomed the activities occurring in both these areas. Ministers restated their commitment to ensuring that development occurred in an environmentally sustainable fashion and welcomed the report on APEC activities on sustainable development that had been provided by the APEC Secretariat. They enclosed the Partnership Marketing Meeting approach to ensure sustainability of the marine environment and promote business opportunities.
37. Ministers welcomed the numerous initiatives being pursued by individual member economies, including: the APEC Centre for Entrepreneurship established in Indonesia; the APEC Youth Skills Camp to be held in Korea in September 2000; Australia's Economic and Financial Management Initiative; China's Science and Technology Industry Cooperation Fund and China's APEC Enterprises Assembly, and agreed that such individual actions contribute usefully to APEC economic and technical cooperation.
38. Ministers thanked Ambassador Lozoya of Mexico and expressed appreciation for his work as Chair of the ECOTECH Sub-committee. They welcomed Dr Medhi Krongkaew of Thailand as the new Chair.
39. Ministers agreed that demonstrating the benefits of economic and technical cooperation activities should form a part of APEC's future communications and outreach work programmes. These activities are often of greatest benefit to the poorest sections of society and it was important to increase support for them throughout APEC as a whole.

Economic Committee

40. Ministers welcomed and endorsed the Economic Committee's Annual Report, noting that the report confirmed the considerable progress made by the Committee in responding to its revised mandate. The *APEC Economic Outlook* confirms that the regional recovery is now underway with economies most affected by the crisis recording a rapid return to growth. This is particularly encouraging. But APEC cooperation on structural reform is critical for consolidating the basis for growth in the 21st century. This is the key message of the Committee's progress report on the 1999-2000 project, *APEC Economies Beyond the Asian Crisis*. Opening markets also matters to long term growth as is made clear in the Committee's report, *Assessing APEC Trade Liberalisation and Facilitation*. Finally the report highlights valuable work being done by the Economic Committee in the area of Knowledge-Based Industries, with the intention of making its final report on this project a major deliverable for APEC in 2000.

Electronic Commerce

41. Electronic commerce has the potential to provide an extraordinary stimulus to regional growth and trade. The private sector has the key role in driving change and innovation, and the primary role of the public sector is to ensure a favourable regulatory environment for e-commerce to flourish. Economies should pay particular attention to the needs of consumers and small business. To this end Ministers:

- Encouraged economies to take advantage of the self-assessment tool for e-commerce readiness to be developed by officials and the private sector, and tasked officials to further refine the assessment tool and report back next year;
 - Directed officials to develop effective data and indicators of e-commerce uptake in APEC economies;
 - Encouraged economies to consider the UNCITRAL model law in developing their regulatory frameworks;
 - Instructed officials to initiate work on consumer protection, focussing on information sharing, benchmarking and best practices; and
 - Directed officials to develop an APEC-wide plan to support use of e-commerce by small and medium enterprises.
42. Ministers accorded high priority to the targets, stipulated in the Blueprint for Action on Electronic Commerce, for achieving paperless trading, where possible, by 2005 for developed economies and 2010 for developing economies, or as soon as possible thereafter, and instructed officials to increase their efforts to achieve these targets, and to report to Ministers Responsible for Trade at their next meeting in 2000. Ministers welcomed proposals from Japan to host an APEC Ecommerce Convention and an Ecommerce leaders' seminar and by Brunei Darussalam and Japan to co-host a Workshop on e-commerce in June next year.

Y2K Issues

43. All APEC economies have an important stake in the region's state of Y2K preparedness. With the new millennium just over 100 days away, strengthening cooperation among APEC economies is of the utmost urgency. Ministers recognise the critical importance of improving regional preparations across borders to ensure continuity of economic activity through to 2000. They welcomed ongoing efforts in APEC economies and called on APEC to accelerate activities focused on readiness preparedness, risk assessment and contingency planning. Ministers endorsed the recommendations of Senior Officials to bolster plans to minimise potential disruptions through continued information exchange, public disclosure, confidence building measures, enhanced engagement with business, the public and technical agencies, and cooperation on risk assessment and mitigation. They stressed that the time remaining must be used to plan for responding to potential disruptions emphasising the electricity, maritime shipping and health sectors. APEC economies will continue coordination across sectors and across borders to determine priorities for the remaining 100 days. Ministers emphasised the urgent priority of bolstering global arrangements for responding to potential Y2K failures.
44. Ministers also welcomed the many cooperative activities already being undertaken within APEC, led by Australia, Canada, Japan, Singapore and the United States, in three main areas:
- Information exchange and preparedness assessment including: the APEC Y2K Symposium and the APEC Y2K week, both held in April; the establishment of an APEC Y2K website;¹ networks of Y2K contact points; and a questionnaire on readiness in key sectors;

¹ Located at <http://www.dfait-maeci.gc.ca/apec-y2k>

- Cross-border contingency planning including Y2K risk assessment tool kit and contingency planning workshops being held in Thailand (September), Peru (October) and Korea (November);
- Intensive exchange of knowledge and know-how in critical sectors: an energy sector meeting (Tokyo 27-28 September 1999).

Biotechnology

45. Recognising the important contribution biotechnology can make in expanding agricultural production and noting the recommendations of the SOM Chair's Report on ABAC's proposal for an APEC Food System, Ministers affirmed the importance of transparent and science-based approaches to the introduction and use of biotechnology products, and of technical cooperation, exchanging 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 requested that the Agricultural Technical Cooperation (ATC) Experts Group report on the work already done in this area, along with any plans or recommendations for future work and take into account studies being conducted in other international fora, for review by the SOM next year and discussion by Ministers Responsible for Trade at their June 2000 meeting.

THEME 3: BROADENING SUPPORT FOR APEC

46. The need for more effective communication and engagement with communities has been an overarching theme in APEC this year. Ministers emphasised the importance of specific outreach activities, both in terms of building greater understanding of APEC's goals, and ensuring that participation by our communities in economic activities is as wide as possible.

Framework for the Integration of Women in APEC

47. Ministers recognised the continuing impediments to the full participation of women in regional economic activity, and agreed that APEC should address barriers to women's participation in business, the workforce, education and leadership. They acknowledged the unique potential contribution of indigenous women.
48. As a first step in addressing these impediments, and in including women's economic interests in the formulation of APEC goals for growth and development, Ministers welcomed and endorsed for referral to Leaders the *Framework for the Integration of Women in APEC*. They agreed to the recommendations from Senior Officials, including the establishment of an *Ad Hoc* Advisory Group, and looked forward to a first report on implementation of the Framework at their next meeting. Ministers welcomed parallel efforts to broaden women's involvement in APEC, including the Women Leaders' Network meeting on 21-23 June, and the Indigenous Women in Exporting Business Seminar on 18-20 June, both held in Wellington.

Communicating the Impact of Trade Liberalisation

49. Ministers committed to expand their efforts to build community understanding of APEC's goals, especially the benefits of a more open and integrated regional economy. They welcomed the report *Making Trade and Investment Liberalisation Relevant: Designing and*

Implementing Effective Strategies for Communicating with APEC Economies, and agreed to make use of its research in designing communications strategies in their own economies. They accepted the need for messages to be realistic, free of jargon and relevant to people's individual interests. Ministers asked officials to report at their next meeting on communication initiatives undertaken by individual economies and to consider the possibility of further APEC-wide activities in this area.

Social Impact

50. The economic crisis has taken a heavy toll on the poorer and more vulnerable sectors of our societies and set back poverty alleviation programmes throughout the region. Ministers welcomed the wide range and scope of activities underway, in APEC and other fora. These activities are directed at three main areas:
- Improving members' understanding of the social impacts of the crisis through, research and analysis on the part of APEC officials, the World Bank and the Asian Development Bank; the establishment of the Asia Recovery Information Centre; and Australia's survey on the effect of the crisis on children and implications for social safety nets.
 - Responding to social needs through technical and capacity-building cooperation, targeting of bilateral development programmes to address social impacts, and significant new multilateral assistance efforts directed to the social sector;
 - Building the capacity of members in the area of social safety nets and exploring ways of strengthening social safety nets in a framework integrating poverty reduction into growth-oriented macroeconomic policies.
51. Ministers agreed on the high priority of further work in this area. They encouraged greater coordination of activities among APEC fora including by the Human Resource Development Working Group and the Economic Committee. Ministers requested these bodies to report in 2000 on work aimed at strengthening social safety nets in the region and at better understanding the social impact of the crisis. They urged even closer cooperation between APEC and other appropriate international agencies, and the substantive bilateral assistance programmes of individual economies. Ministers stressed that the success of policies and programmes aimed at addressing the social impact of economic crises depends upon the full involvement of the public, private and voluntary sectors. Ministers noted Thailand's proposal for an APEC Social Infrastructure Facility and welcomed the interest expressed by some economies in pursuing this idea initially on a unilateral basis. They also welcomed Thailand's plan to hold an APEC Seminar on Pension Fund Reform in March 2000 as has been proposed by APEC Finance Ministers.

Business Participation

52. Ministers recognised the need to liaise increasingly closely with the business community if outcomes useful to business were to be achieved through the APEC process. They welcomed the holding of business events in parallel with Ministerial meetings, such as the Business Forum held alongside the SME Ministerial and the Trade Roundtable held in conjunction with the Meeting of APEC Ministers Responsible for Trade. Ministers also participated in the June Women Leaders Network Meeting. Such events maximised the opportunities for direct contact between Ministers and the business community. Ministers welcomed the deepening of the

dialogue with ABAC and urged ABAC to broaden its direct contact with key APEC bodies. They noted with interest ABAC's 1999 recommendations to Leaders.

Management Review

53. Ministers endorsed the SOM Chair's Report on the second year of the three-year review of APEC's management process, led jointly by Malaysia, New Zealand and Brunei Darussalam. Ministers stressed that the purpose of the review is to achieve the increased efficiency and effectiveness of the APEC process, commended the work which all APEC fora put into the management review during 1999, and welcomed the measures which Senior Officials and the Budget and Management Committee have taken to improve management procedures. Ministers welcomed the change in timing of the 2000 APEC Finance Ministers' meeting which will result in better alignment of all the key annual APEC Ministerial meetings, and directed Senior Officials to explore further ways of improving coordination with the work of the APEC Finance Deputies. The expansion of the APEC work programme has resulted in increased financial and personnel burdens for all member economies. The work programme must remain manageable and focussed on productive outcomes. Ministers requested that the final report which Senior Officials submit in November 2000 on the management review process include recommendations on criteria for the establishment of new APEC fora.

OTHER ISSUES

54. Ministers welcomed the outcomes of the sectoral Ministerial Meetings held this year on Finance, Trade, Small and Medium Enterprises and Human Resource Development. They noted that work in the areas of Small and Medium Enterprises and Human Resource Development in particular is likely to continue to be a priority for APEC. Ministers welcomed the follow-up activity underway in the form of the APEC Consumer Education and Protection Initiative and encouraged other economies to follow Thailand's lead to advance consumer protection. Ministers also welcomed Japan's offer to host a Human Resource Development Ministerial Meeting in 2001.
55. Ministers noted with interest the proposal from Asia Pacific Rim Universities (APRU) to cooperate with APEC. They agreed to invite APRU to establish an informal dialogue with the APEC Human Resource Development Working Group and the Industrial Science and Technology Working Group, and to invite the hosts of the respective sectoral Ministerial meetings to consider an informal dialogue with APRU in accordance with guidelines on non-member participation. The objective of the dialogue would be to discuss issues and projects of mutual interest in the areas of science, technology and human resources development.
56. Ministers welcomed Korea's offer to host the first Tourism Ministerial Meeting in Seoul in July 2000. They noted with interest work underway in the Tourism Working Group to develop a draft APEC Tourism Charter which will provide a business plan for economies to realise the extraordinary potential of tourism in the APEC region.
57. Ministers welcomed the proposal from Korea on *Policy Dialogues on Turning Economic Crisis into Opportunity for Sustained Growth*, and Korea's offer to host a forum in Seoul in early 2000 to share experiences on overcoming the crisis and to address disparity issues. Ministers also welcomed the proposal by Chinese Taipei on *Economic Revitalisation through Start-up Companies and Venture Capital*, and looked forward to further work in this area next year. They noted with appreciation Indonesia's offer to host the next APEC International

Trade Fair in 2000. Ministers also took note of the report on the APEC Symposium on the Asian economy, organised by Japan and Thailand.

58. Ministers noted the statements by the ASEAN Secretariat, the Pacific Economic Cooperation Council, and the South Pacific Forum and the report of the APEC Study Centres.
59. Ministers endorsed:
 - the SOM Chair's Report on Budget Issues and approved the 2000 budget of US\$5,943,026 and contributions from member economies amounting to US\$3,338,000; and
 - the report of the APEC Secretariat, and expressed appreciation for the work of the Executive Director and his staff.
60. Ministers thanked Brunei Darussalam for its briefing on preparations for the 12th APEC Ministerial Meeting and the 8th APEC Economic Leaders' Meeting in Brunei Darussalam on 12-13 November 2000 and 15-16 November 2000 respectively, and China for its update on plans for the 13th Ministerial Meeting to be held in China in 2001. The 14th Ministerial Meeting in 2002 will be hosted by Mexico. Ministers welcomed Thailand's offer to host the 15th Ministerial Meeting in 2003, and Chile's offer to host the 16th Ministerial Meeting in 2004.

ANNEX A: APEC TRADE FACILITATION ACHIEVEMENTS

- **Faster Customs Clearances**

Faster customs clearances through direct electronic communication with Customs authorities without paperwork

- **More Consistent Customs Valuations**

Standard procedures for more consistent and transparent customs valuations of traded goods.

- **Expanded E-Commerce and Paperless Trading**

Improved electronic access to markets for business and commitment to a goal of paperless trading by 2005 for developed and 2010 for developing economies, or as soon as possible thereafter.

- **Simplified Business Travel**

Simpler business travel with multiple entry visas, internet visa information and visa-free short-term entry via the APEC Business Travel Card.

- **Alignment of Standards for Food, Electrical, Machinery and Rubber Products**

Alignment of domestic standards with international standards for goods such as radios, televisions, videos, refrigerators, air-conditioners, rubber gloves and food labelling, by 2005.

- **Lower Cost of Trade in Electrical Equipment**

Lower cost of trade in electrical goods such as computers, toasters, televisions, radios and power-tools through a single test for conformity assessments.

- **Lower Cost of Trade in Telecommunications Equipment**

Lower cost of trade in telecommunications goods such as phones, faxes, modems, PABXs and radio transmitters, worth an estimated US\$50 billion per year, through a single test for conformity assessments.

- **Simplified Sales of Telecommunications Services**

Simplified negotiation of telecommunications contracts and easier commercial access to telecommunication networks.

- **Less Risk for Investment in Energy Infrastructure**

Better informed investment decisions in energy infrastructure through the Manual of Best Practice Principles for Independent Power Producers and the Natural Gas Initiative.

- **Market Access Information for Architects, Engineers and Accountants**

Instant market access information for architects, engineers and accountants.

- **Less Waste in Fresh Seafood Trade**

Less wastage and shorter transport times for fresh seafood.

- **Better Y2K Preparedness**

Transparent Y2K preparedness, risk assessment and contingency planning.

- **Market access information**

Internet access to information on tariffs, investment, e-commerce, intellectual property, business travel, government procurement, business opportunities, marine ports and labour markets.

ANNEX B: PROJECTS AGREED UNDER THE EARLY VOLUNTARY LIBERALISATION INITIATIVE IN 1999

- **Forest products:** a study on the full range non tariff measures and their impact;
 - research on assessing forest resources by remote sensing;
 - a study on methods to detect and control forest damage caused by insects and diseases with remote sensing, the General Information System and Global Positioning System
 - internet-oriented multimedia database of assessment and utilization of and trade in, the wood of main tree species in APEC member economies
- **Fisheries:** a study on the consistency of global subsidy practices with WTO rules;
 - Workshop on the Development of APEC Mechanism for Integrated Coastal Management;
- **Auto industry:** an Automotive Dialogue involving business and governments to map out strategies for increasing integration and development of the auto sector;
- **Toy sector:** a seminar on implementation of ISO safety standards;
 - a programme of training and development of designers and sample makers;
- **Gems and Jewellery:** implementation of training programmes for Jewellery Testing, Assaying and Hallmarking;
 - an APEC Gems and Jewellery Conference;
 - APEC Gems and Jewelry Trade and Technology Seminar
- **Environmental goods and services:** a survey of these markets in APEC;
 - study on the impact of the financial crisis in Southeast Asia on trade liberalization in environmental goods and services
- **Food:** seminar on reduction of antibiotic residues in the domestic animal products
- **Medical Equipment:** seminar for government regulators/harmonization of regulation
 - establishment of best practices in evaluation of product certification applications and monitoring system;
- **Energy:** Seminar/Workshop on “Promoting Trade & Investments in the Energy Sector among APEC Economies through EVSL”
- **Telecommunications:** Mutual Recognition Arrangement

List of Proposals from APEC members and WTO members [Provisional]

		JPN	U.S.A.	CAN	AUS	NZ	Korea	H.K.	Indonesia	Singapore	Thailand	Philippine	Malaysia	Brunei	Mexico	Chile	Peru	EU	India	Pakistan	Egypt	Kenya	Brazil	
9(a)(i)	Agriculture																			X				
	AD	x					x		x	x	x	x	X	X						X	X*		X*	X
	Customs Valuation																			X			X	
	Regional Trade Agreement	X			X		X	X																
	Services																			X	X			
	SPS																			X				
	Subsidies					X			X		X									X(2)		X		X
	TBT																			X			X	
	Textile																			X	X			
	TRIMs																			X				X
TRIPS			X					X											X	X	X(2)			
Marrakesh Agreement								X	X	X	X	X	X	X										
GATT1994								X	X	X	X	X	X	X										
9(a)(ii)	Agriculture	X	X(5)		X(10)		X												X		X(2)		X	
	Service	X	X		X	X	X	X		X							X		X					
9(a)(iii)	DSU																			X				
9(b)	Investment	X					X	X											X					
	Competition	X					X												X			X		
	Transparency of Government Procurement		X																X					
	Trade Facilitation	X	X																X					
9(a)(i),(iii),9(d)	Industrial Tariff	X			X	X	X	X		X									X		X	X		
9(d)	Electronic Commerce	X							X	X									X					
	Fisheries Subsidies		X			X(2)						X					X							
	Environment		X																X					
	TBT	X																	X					
	TRIPS	X																	X					
	Forestry and Fishery	X																						
	Accessions, and modalities for participation																		X					
Technical Assistance/Capacity Building/Coherence		X																X				X		
10		X			X	X	X	X		X(2)	X				X	X				X	X			
Possible Decisions at Seattle																			X					
Proposals on elements of a Ministerial Declaration									X	X	X				X									

* Joint proposal with Zambia, Jamaica, Sri Lanka, Tanzania, Uganda, and Zimbabwe

SIXTH SME MINISTERIAL MEETING

**Christchurch, New Zealand
26-28 April 1999**

JOINT MINISTERIAL STATEMENT

Ministers with responsibility for Small and Medium Enterprises (SMEs) and businesses from around the APEC region met in Christchurch between 26-28 April to discuss key issues affecting SME growth.

The Business Forum took place alongside the Ministerial on the first day. Ministers and business then met in joint session at the end of the first day and the second day. Both sides recognised the particular value of being able to meet together. There was a clear convergence of views about the key issues that needed to be addressed to promote SME growth. Ministers and business freely acknowledged their joint responsibilities to promote SME growth.

SMEs will be the engine of growth in the knowledge-based economies of the future. By their nature they are innovative, flexible and opportunity seeking. Any action taken by economies must have considerable regard to the needs of SMEs and the environment they must operate in. Faster growth by SMEs requires action across a wide range of policy areas, which demands a coordinated approach across the APEC work programme.

Ministers welcomed the APEC Secretariat's report on the attention being given to SME concerns in many other APEC fora and commended these efforts. Ministers welcomed also the report from the Chair of the APEC Policy Level Group on SMEs (PLG SME). We will be talking to our other APEC ministerial colleagues about the need to raise the profile of SME issues in their work programmes.

Ministers recognised the contribution that SMEs make to the participation of women and indigenous people in our economies.

Responding to the Regional Financial Crisis

The recent regional economic crisis has and is continuing to have profound effects on SMEs. SMEs have been particularly affected by a credit crunch.

Returning SMEs to growth is vital to the region's economic recovery. The business environment, however, is also rapidly changing. Corporations are divesting, leading to the creation of more SMEs. This further underscores the fact that SMEs will be the engine for growth in the future.

SMEs are looking for a competitive low cost environment that allows them to perform efficiently and effectively. To achieve these goals, Ministers agreed that APEC efforts need to focus on the strengthening of markets in the region. If SMEs are to contribute to the economic recovery and sustainable growth in the region, there is a need for economies to put in place open and transparent regulatory environments that are supportive of competitive markets, and to invest in the development of human capital.

As well as discussions on the regional financial crisis, Ministers and business considered ways to promote SME growth under four priority areas:

- Enhancing management performance through education;
- Reducing barriers to trade and compliance costs;
- Improving capital markets and access to them; and
- Strengthening linkages to assist business within the region (e.g. the importance of electronic commerce).

Education

There are five education issues for SMEs. There is a need to:

- Promote effective education-business linkages to support knowledge based enterprises;
- Develop the capabilities of the current pool of managers;
- Develop future SME managers;
- Facilitate the transfer of skills between economies; and
- Develop skills for entrepreneurs and consumers to enhance consumer protection and confidence.

Strengthening the linkages between academia, research institutions and business ensures that the intellectual property being created in our research institutions can be best used by business. Research institutions need to understand and interact with SMEs. In turn, SMEs can benefit greatly through access to broader research and development capabilities.

It is crucial there is improved management education to help SMEs develop their capabilities through appropriate training programmes. In this context, Ministers endorsed the seminar for Management Capacity Building and the Workshop on Financing and Business Management. There is also a need to improve access for SME managers to a wider range of education programmes, drawing on expertise throughout the APEC region. This needs to include appropriate recognition of the needs of women and indigenous groups in the design and delivery of management education and training. Government programmes must meet SMEs' management requirements. In turn, business acknowledges that only through the process of continuous learning can they be exposed to new knowledge and ideas and better business practices.

Ministers would like to see SME-related work expanded in the Human Resources Development Working Group (HRDWG). In particular, efforts on the mutual recognition of qualifications across APEC economies needs to be fast tracked. Ministers call on their HRD Ministerial colleagues to accelerate their endeavours on these issues. The meeting also encouraged education providers to utilise the Global Information Network for SMEs developed by Japan.

The education system plays a critical role in shaping attitudes of entrepreneurship. In the wake of the impact that the regional economic crisis has had on SMEs, it is increasingly evident that businesses require individuals who are able to think independently and creatively to enhance the pool of future managers.

Ministers agreed to increase their efforts to develop an enterprise culture and to promote the integration of business skills through their school curricula. Ministers endorsed a proposal to enhance skills development for new entrepreneurs and to expand consumer confidence by undertaking an initiative on consumer education and protection. Ministers also noted the need for better Internet-based access to SME management training programmes, like Canada's Virtual University for SMEs (VUSME), and other tools designed to enhance SME management and financial performance, and enhancing access by SMEs to the technical knowledge and expertise that is in higher and vocational institutions.

Trade Barriers/Compliance Costs

As tariff barriers have been reduced, the emerging issues for business are now about non-tariff barriers, regulatory constraints, and high compliance costs. This next set of impediments will need to be a major focus for APEC in the future. They are particularly severe for SMEs, which suffer from a lack of information. This lack can be exacerbated by the complexity of regulations, uncertainty, lack of transparency and arbitrary decisions by officials.

There was strong view that member economies needed to give close attention to the identification and elimination of non-tariff measures. Ministers supported an intensified APEC effort in this area.

Non-tariff barriers represent "fixed costs" in international trade, which are disproportionately burdensome for SMEs. Ministers call on all APEC working fora to accelerate their trade facilitation work, in particular in the areas of standards harmonisation and alignment and customs efficiency, in order to bring these costs down.

We are not alone in focussing on these essential business facilitation issues. Indeed, APEC Leaders and Ministers in Kuala Lumpur called for enhancement and acceleration of APEC's trade facilitation work, and issued a challenge to APEC to present them with a substantial package of trade facilitation measures for consideration in Auckland later this year.

It is very important to embrace deregulation as a way to create more competitive markets. We need to improve the quality of regulation and reduce administrative and compliance costs, with particular emphasis on the needs of SMEs. This should be a central element in economies' on-going reform agendas.

Ministers agreed to identify, in consultation with SMEs, the major barriers and compliance costs to SMEs. Ministers agreed to report back directly on progress on these issues next year for later voluntary inclusion in IAPs. They directed the PLG to develop a methodology for these reports in conjunction with other APEC Committees and the APEC Secretariat. Ministers agreed that these reports should be made available on the Internet through the APEC Secretariat website.

Ministers agreed to two further initiatives to facilitate access by SMEs to information and advice on regulatory and administrative requirements.

- Ministers directed the PLG to consider the feasibility of electronically linking existing and new SME related information services across APEC economies, noting that such services have already been established in most APEC economies and can provide information on general regulations and administrative requirements, as well as other information relevant to SMEs.
- Ministers directed the PLG to undertake a feasibility study on linking economies databases required by exporters on tariff, non-tariff and other requirements. The objective is to make information available through a single entry point in a form that is SME-friendly.

Ministers also agreed on the need to facilitate the involvement of private enterprise in the provision of a robust and efficient infrastructure (e.g. telecommunications) that meets the needs of SMEs.

Ministers acknowledged that other key issues for SMEs include:

- Overcoming the costs associated with different technical and administrative standards e.g. through mutual recognition arrangements.
- Protection of property rights and facilitation of processes to register patents.
- The enforcement of contracts to improve the certainty of doing business in the APEC region.
- Facilitating business mobility through improved visa arrangements.

Capital Markets

Access to capital is critical for SME growth. Ministers recognised the difficulties for SMEs in raising capital are multi-faceted:

- Risk-averse banking and finance sectors
- Lack of venture capital (in some economies)
- Many SMEs lack the management skills to attract investors
- Lack of transparency in the operation of capital markets (in some economies)

There was broad agreement that the private sector is the most efficient and effective provider of finance and related services to SMEs. All economies should strive to develop efficient capital markets based on international best practice for banking and securities market regulation. Ministers agreed to raise with APEC Finance Ministers the urgency of removing barriers to the competitive provision of financial services to SMEs, especially with respect to the marshalling of capital and the creation of venture capital funds.

Recognising private sector concerns, Ministers are also committed to advance, with APEC Finance Ministers, international best practice in the areas of:

- transparency;
- sound monetary and fiscal policy;
- good corporate governance; and
- financial reporting and accounting standards.

Business acknowledged that they have a prime responsibility to improve their governance and financial reporting standards also.

Ministers endorsed the Workshop for APEC SME Financing and Business Management referred to it from the PLG.

Ministers directed the PLG to convene a group of experts to consider the various experiences of member economies with venture capital programmes to support new and existing SMEs, including

focusing on any impediments to international movement of venture capital among APEC economies.

Business called for clear and transparent tax systems that do not distort investment decisions and do not tax their earnings more than once.

Enhancing Business Linkages

Ministers recognised the critical importance of electronic commerce to SME growth in the rapidly changing global environment. We welcomed the Blueprint on Electronic Commerce that was adopted by APEC Leaders at Kuala Lumpur which addresses cross border issues, security issues and IP protection for electronic commerce. Business reiterated their concern to see minimal regulation in this area and urged quick action by economies in implementing the Blueprint. Ministers informed business of the steps being taken to provide information on the Website on regulatory systems of individual APEC members on the Internet (e.g. through APEC E-com Legal Guide at www.bakerinfo.com/apec/) and the various activities undertaken by APEC fora (e.g. "Helping Your Business Grow - Guide for SMEs in the APEC region").

Ministers directed the APEC Secretariat to continue to update its information sites on a regular basis.

Ministers endorsed the following new initiatives to develop electronic commerce and linkages:

- APEC Business Matching and Advice. This initiative will provide a place where SMEs can directly register on the internet and advertise the kinds of linkages they are seeking with other SMEs;
- Workshop on Electronic Commerce. This initiative will aim to identify impediments to the more rapid adoption of electronic commerce.

Ministers noted also that Malaysia has taken the initiative to produce an update of the Guide for SMEs in the APEC region, and that this is available via the Internet. Ministers requested that this Guide be updated in 1999.

Ministers further recognised the importance of official institutions acting as role models in promoting awareness and acceptance of electronic commerce by ensuring that their own activities make use of electronic commerce as fully as possible.

Business acknowledged that the business sector itself should continue to lead and facilitate the development of electronic commerce and linkages between SMEs.

Y2K

Ministers underscored the critical importance of Y2K. They welcomed the conclusions and recommendations on the impact of Y2K on SMEs transmitted to them from the APEC Symposium on Y2K issues held in Singapore last week. They also welcomed the holding of an APEC Y2K Week which was coordinated by Japan. Efforts on readiness work, testing and contingency planning should be strengthened in the months ahead.

APEC Business Advisory Council (ABAC)

We welcomed the important contribution that ABAC is making in putting the business view forward to Leaders. We urge that there is a continuing presence of SME representation on ABAC.

Conclusion

Recognising the critical role that SMEs will play in the economic recovery of the region, Ministers expressed their strong desire to communicate the outcomes of their discussions over these last two days to their APEC Ministerial colleagues. They directed officials to advance SME interests in all aspects of the APEC work agenda.

Ministers welcomed the invitation to meet again in June 2000 in Brunei Darussalam.

SIXTH APEC FINANCE MINISTERS MEETING

**Langkawi, Malaysia
15-16 May 1999**

JOINT MINISTERIAL STATEMENT

1. We, the Finance Ministers of the Asia-Pacific Economic Cooperation met for the sixth time in Langkawi, Malaysia. We welcomed the inaugural participation of the Finance Ministers from Peru, Russia and Viet Nam. We had productive discussions with the Managing Director of the International Monetary Fund (IMF), the President of the World Bank and the President of the Asian Development Bank (ADB). As with past meetings, our deliberations were conducted in the spirit of cooperation and consensus.
2. Since we last met in Kananaskis, Canada, the financial crisis in the region has abated and there are signs of a return in investor confidence. As a result, the economic outlook in the region has improved. There are, however, significant risks to the outlook. Moreover, serious challenges remain, particularly in restructuring the financial and corporate sectors, and in dealing with the effects of the crisis on the poor and the vulnerable. Our meeting in Langkawi accorded us the opportunity to review the economic and financial situation in the region, explore ways to strengthen economic fundamentals to accelerate the recovery process, and to look towards meeting longer-term challenges. Given the increasingly integrated global environment, we underscore the individual and collective roles of economies in contributing to regional and global stability. In this context, we are resolved to work together to further sustain the recovery now underway in the region. We reiterate our commitment to persevere with macroeconomic and structural reforms in meeting the challenges ahead. We also underscored our commitment to cooperate within APEC and to contribute in other fora to strengthen the international financial architecture.

MACROECONOMIC DEVELOPMENTS

Economic and Financial Situation

3. We are encouraged by improvements in the economic and financial situation in the crisis-affected Asian economies of Indonesia, Korea, Malaysia, the Philippines and Thailand, although some downside risks remain. We applaud economies that have made courageous efforts to respond to the financial crisis by undertaking the necessary policy adjustments to address the vulnerabilities that caused the crisis. We recognise the improvements in economic conditions and prospects in Asia and underscore the importance of continuing with policy adjustment and structural reforms, particularly in the financial and corporate sectors. Growth is expected to pick up this year in all these crisis-affected economies. The return of stability to financial markets has allowed the easing of monetary policy, which in combination with stimulative fiscal policy has supported domestic demand and production. But while fiscal and monetary policy should remain focused on supporting recovery, subject to financial stability, it is important that these economies remain committed to structural reforms that will strengthen their longer-term growth prospects. In Russia, economic activity has been recovering from the low point in September. Nevertheless, vigorous action is needed to tackle the fiscal and structural causes of the crisis.

4. In the United States, economic growth has remained buoyant. Policies should be directed at sustainable non-inflationary growth. In Japan, fiscal policy is providing sizeable stimulus, short-term interest rates have been pushed close to zero, and bank recapitalisation has eased financial sector strains. Policies need to be supportive until deflationary pressures ease and a revival of private demand is firmly underway. Continued structural reforms will be key to sustaining growth over the medium- and long-term. In China, growth has been well maintained, assisted by a stimulative policy stance. We welcome the commitment and effort China is making to reform the financial sector and state-owned enterprise for sustainable development.
5. We also note with satisfaction, that while not unaffected by the Asian and global financial crisis, most of the other APEC economies have managed to sustain growth or adjust reasonably well and avoid major disruption. Given the Brazilian crisis, this is now particularly noteworthy in the three Latin American members. Economies must continue with policies that support the recovery now underway in the region.
6. Along with efforts by APEC, we believe that Europe should play its part in sustaining global growth, including through supporting domestic activity and structural reforms. It is also important that open markets are maintained around the world.

PURSUING THE COOPERATIVE GROWTH STRATEGY

7. We recall that APEC Leaders, at their Meeting on 18 November 1998 in Kuala Lumpur, endorsed a cooperative growth strategy to meet the challenges of ensuring macroeconomic stability and restoring growth in the region. The strategy has yielded significant progress in promoting recovery and growth. We will not become complacent in meeting the challenges ahead to sustain and deepen this progress. We also urge member economies to keep markets open consistent with the commitment made by Leaders at the same meeting and to continue efforts towards free and open trade and investment. We note the supportive environment provided by the major economies to the cooperative growth strategy endorsed by Leaders. The recent crisis has demonstrated the importance of addressing the issues related to exchange rate regimes. We note that the choice of exchange rate arrangements may vary across economies, but any regime adopted must be supported by consistent policies and robust financial systems. Taking into account the recent experiences, we encourage the IMF to consider further the issue of appropriate exchange rate arrangements.
8. We recognise the value of peer surveillance among APEC member economies and agree that our exchange of views complements surveillance by the IMF. At the same time, we see the benefits to be derived from greater cooperative efforts at the micro level, particularly in financial and capital markets.

Mitigating the Impact of the Crisis on the Poor

9. We remain concerned about unemployment and hardship among the poor and the vulnerable as a result of the crisis. In some economies, social strains have posed a risk to recovery. In the crisis-affected economies, authorities have responded through a variety of mechanisms to minimise the adverse impact of the crisis on these groups. As noted in the background paper prepared by Malaysia and the World Bank, the experience in East Asia and that of crisis-affected Latin American economies has provided important lessons. They include the need for greater coordination among the relevant national agencies, as well as between these agencies and international financial institutions in the design of programmes; the importance of having the best possible safety nets in place even before a crisis; and the institutional capacity to rapidly adjust programmes and introduce measures in times of crises, as well as the need to improve the monitoring of programmes.

10. In this connection, we are of the view that APEC can contribute to further collaborative work in areas under our competence. By investing in health, education, sanitation and jobs for the poor, economies make an investment in the healthy, productive workforce that is necessary for sustainable growth and social well-being. We, therefore, welcome the country-specific assistance, both technical and financial, being provided by the World Bank and the Asian Development Bank to promote the sound design and adequate internal financing of national social safety nets, taking into account the cultural, economic, institutional and social situation of the individual economies.
11. In addition, we agree that this collaborative work could build on the findings of the Regional Meeting on Social Issues Arising from the East Asian Crisis (Bangkok, 21-22 January 1999) and the Ministerial Meeting of Development Cooperation (Sydney, 5 March 1999). We therefore welcome the establishment of the Asia Recovery Information Centre to facilitate the collaborative exchange of information and analyses.

Restructuring Financial and Corporate Sectors

12. We note the progress of financial and corporate restructuring in the crisis-affected economies and that important challenges remain, as noted in the document prepared by the World Bank. We commend the efforts taken by Indonesia, Korea, Malaysia and Thailand to establish frameworks for recapitalising viable financial institutions and resolving non-viable ones, and the continuing efforts by these countries and the Philippines in further improving prudential regulation and supervision. We recognise that on the corporate side, voluntary restructuring frameworks have been adopted and many legal impediments to corporate restructuring have been removed. We reaffirm that these efforts, in combination with sound macroeconomic management, measures to strengthen the financial system and efforts to enhance corporate governance and create an environment conducive to foreign direct investment would contribute to a return of capital flows to the region.
13. The international community can play an important role in expediting the restructuring process through technical and financial support, including through multilateral development banks and the IMF. In this connection, we welcome the financial support extended by Japan to a number of crisis-affected economies under the New Miyazawa Initiative. We also welcome the multilateral initiative to revitalise private sector growth announced in Kuala Lumpur, Malaysia on 17 November 1998 by Japan and the US in conjunction with the ADB and World Bank, which can be a potentially effective tool to accelerate the pace of restructuring. We note the current discussions with Thailand on how this assistance can support the reform programme and hope that other crisis-affected economies will also benefit from this initiative.

STRENGTHENING THE FOUNDATIONS FOR SUSTAINABLE GROWTH

14. The crisis has reinforced our commitment to our longer-term objective of strengthening the foundations for sustainable growth, particularly in our efforts to promote the further development of financial and capital markets to finance private investment and infrastructure development.

Developing Financial and Capital Markets

15. Drawing from our experiences of the past 22 months, sound financial systems, corporate governance and improved accounting, transparency and disclosure standards are central to restoring the confidence of domestic and international investors and the return of capital flows. We note the progress in developing a voluntary action plan to support freer and more stable capital flows in the APEC region and we look forward to receiving a report setting out

specific proposals at our next meeting. We also take note of the recent IMF report on the experiences of various economies in the use of controls on capital movements and macro-prudential measures and in managing the process of capital account liberalisation.

16. On corporate governance, we give high priority to domestic reform measures and endorse the recommendations contained in the report "Strengthening Corporate Governance in the APEC region" tabled at this meeting. We encourage economies to undertake early and comprehensive implementation of the recommendations taking into account their specific circumstances. We also take note of the work by the OECD task force on the principles of corporate governance. In addition, we agree that economies, on a voluntary basis, report on progress of measures taken to strengthen corporate governance at our next meeting. We also endorse the importance of education and training to strengthen the body of skilled professionals working as accountants, auditors, company directors, regulators, and in the judicial system as highlighted in the Report. In this connection, we welcome Australia's provision of a compendium on its corporate governance training facilities that will be opening its doors to participants from the APEC region.
17. We urge member economies to strengthen, where relevant, the quality of existing auditing and accounting standards, and move towards the adoption of practices that meet or exceed international standards. In this regard, we welcome the work of the International Accounting Standards Committee to develop a full range of accounting standards, which could facilitate informed decisions by the investing public by promoting full, fair, and complete financial reporting.
18. We also agree that given the financial crisis, insolvency law reforms are particularly important to the speedy restructuring of business and financial sectors and better future management of credit flows to private borrowers. We welcome a joint APEC-OECD workshop on insolvency law to be hosted by Australia later this year and encourage full participation of member economies at this workshop.
19. With regard to the development of deep and liquid domestic bond markets in the region, we recognise the need for further work in this area, including developing reliable benchmark yield curves, improving securities clearing and settlement systems and addressing the issues of lack of liquidity and inadequate risk assessment. We welcome the compendium of sound practices and the establishment of a web site to facilitate information sharing among member economies. We acknowledge the recommendations of the private sector in support of our work on bond markets and direct our Deputies to study these recommendations in collaboration with the private sector.

Pension Funds

20. We note that a second regional forum on pension fund reform was organised by Chile and Mexico in April 1999 in Vina del Mar. Issues discussed in the forum related to pension systems such as individual policies, costs of the transition from public to private system and its possible financing, the role of specialised institutions in pension fund administration and the performance of the public sector as a safety net provider. We acknowledge the importance of these issues when instituting reforms to pension fund systems in our economies.

Revitalising Infrastructure

21. We recognise that infrastructure financing poses an important challenge for the region especially under the prevailing financial environment. We recall our agreement in 1997 in Cebu to a set of voluntary principles for facilitating private sector participation in infrastructure. We discussed the ADB's report entitled, *Private Sector Participation and Infrastructure Investment in Asia: The Impact of the Crisis*, which took into account the

changed circumstances for financing of infrastructure projects in the region. We note that while the financial crisis did affect the region's investment requirements for infrastructure projects, these are still in an order of magnitude that makes a substantial private sector involvement imperative. We also note that the crisis underscored the urgency of a wide application of the voluntary principles adopted two years ago, and highlighted some additional aspects. We note the recommendations contained in the report including (i) the need for governments to concentrate on planning, policy and regulation, and to involve the private sector in the development and operation of infrastructure facilities; (ii) the advantages of unbundling infrastructure services and introducing competition; (iii) the urgency of accelerating the development of domestic capital markets, in particular bond markets, to avoid currency and maturity mismatches in the future; and (iv) the need to introduce independent, transparent and consistent legal and regulatory regimes.

22. We also welcome the APEC privatisation forum initiative as part of efforts to promote privatisation across the region. We agree that the inaugural meeting of the forum be held in Bangkok in November 1999.

Y2K

23. We note the work of APEC member economies to prepare for the computer date change on 1 January 2000. We agree that APEC economies need to continue to upgrade and test their computers in preparation for the year 2000 to enhance public confidence and reduce the risk of economic and financial disruptions. We further agree that efforts in the months remaining to the year 2000 should be increasingly directed toward planning for possible contingencies that may arise at the time of the century date change. We welcome the initiative by Japan in organising the APEC Y2K Week and a training programme for member economies. We take note of the intention to review this subject at the APEC Leaders Meeting in Auckland and attach particular importance to this work.

BEYOND THE FINANCIAL CRISIS: MEETING THE CHALLENGES AND OPPORTUNITIES

International Dialogue on the Financial Architecture

24. The international community has an important role to strengthen the international financial architecture to complement efforts at the national and regional levels to ensure a stable environment for growth and recovery. We note the growing consensus on key aspects of a strengthened international financial architecture, and acknowledge the recommendations made on some of the key elements necessary to strengthen the international financial system, including those proposed by ASEAN. We urge that these recommendations to be implemented on an urgent basis in order, *inter alia*, to reduce the risks associated with volatile capital flows. In this regard, we welcome the actions by the Group of Seven (G-7) and the IMF in a number of important areas.
25. We welcome, in particular, efforts to involve the industrialised, developing and emerging market economies, and the international financial institutions and regulatory bodies in the architecture process, in fora that include the G-22 meetings as well as its working groups and G-33 seminars, and in continuing fora such as APEC. This dialogue has contributed importantly to the process of strengthening the international financial architecture, and we call for the establishment of an ongoing mechanism for inclusive dialogue between industrial, developing, and emerging market economies to build consensus on major economic and financial policy issues in the future. We also welcome the recent establishment of the Financial Stability Forum, and look forward to its expansion to include key emerging markets

and to the early completion of its work on highly leveraged institutions (HLIs), offshore centres, and short-term capital flows

26. We would also like to stress that minimising the human costs as well as helping economies strengthen their social policy responses and institutions to deal with crisis should be an important element in discussions about international financial architecture. Due priority should be given to measures to protect the poor and most vulnerable segments of society. In this regard, we welcome the World Bank's work on principles and good practices in social policy. To support this effort, we urge strengthened collaboration between the IMF and the World Bank on public expenditure work that analyses the impact of fiscal choices.
27. While we recognise that efforts to reform the international financial architecture will take time, we see the need for the momentum to be maintained notwithstanding the recent return of stability to financial markets. We task our Deputies to prepare a report summarising developments in the areas identified by the Leaders in their November 1998 meeting, including the work of the recently-established Financial Stability Forum on HLIs, offshore centres and short-term capital flows, and involving the private sector in crisis prevention and resolution. We ask that this report be tabled at the Leaders' meeting in Auckland this September.

Strengthening Financial Systems

28. Since our first meeting in 1994, efforts have been focussed on strengthening domestic financial systems. More recently, we conducted a survey to assess the adequacy of our supervisory regimes, and are encouraged by the progress achieved by member economies in complying with the Basle Core Principles for Effective Banking Supervision. We agree that a regular exchange of views and greater interaction among APEC bank supervisors is important, with the aim of reducing gaps in the implementation of measures. We welcome the first such meeting in Kuala Lumpur in December 1998, which was held in conjunction with the annual meeting of the Directors of Supervision of the SEACEN Centre. We agree that such collaborative meetings by bank supervisors from APEC and SEACEN economies are important in facilitating information sharing and should be continued.
29. Proposals to strengthen APEC supervisory regimes, however, should not duplicate on-going efforts by other fora including the Basle Committee, EMEAP and other APEC working groups on corporate governance and disclosure. We recognise that while efforts to strengthen financial supervision are important, they cannot be seen as a panacea for crisis prevention as these efforts would need to be supported by measures to strengthen macroeconomic policies, increase corporate governance and improve disclosure. We look forward to an updated report at our next meeting on the progress of APEC member economies towards strengthening supervisory systems.
30. We also agree that the capacities of our supervisory and regulatory authorities must be continually upgraded and in this connection record our thanks to the ADB and the SEACEN Centre for their support in implementing the Action Plans for the Training of Bank Supervisors and Capital Market Regulators. We reaffirm our commitment to human resource development in the regulatory supervisory area in support of work towards strengthening financial systems at the national and global level. In moving forward, the Ministers agreed that based on the findings of the survey, the APEC training initiative should include market risk and consolidated supervision issues. To assist economies in meeting fully the Basle Core Principles, the APEC training initiative should also consider setting up a programme where member economies relatively advanced in meeting the Core Principles can share their experience and practical knowledge with other interested member economies through organised seminars and courses. In this regard, we welcome the APEC Financiers Group's (AFG) initiative to organise training and educational programmes for financiers and financial

supervisors from the region. On the securities side, there is further scope to develop and coordinate portable or multi-jurisdictional programmes on international standards to help meet training needs that cannot be satisfied through domestic programmes.

31. We note that since the inception of our process, a number of voluntary principles and voluntary action plans have been approved and in this connection agree that it would be useful to develop an approach to track the progress in implementing these plans and principles. We task our Deputies to develop such an approach, which as a first step should be a compendium of measures undertaken by member economies in adopting international standards/codes/best practices to strengthen their financial systems. To facilitate the Deputies' work, we request the IMF and World Bank, in consultation and cooperation with the relevant international organisations, to compile an initial matrix of such key standards.
32. The recent experience of a number of economies has underscored the importance of strengthening financial systems to meet the challenges of capital account liberalisation. We agree that a major emphasis should be placed on sound debt management practices and on avoiding policy biases that encourage short-term over long-term capital. We see the need for the IMF to work further in this area, including developing guiding principles for economies that are liberalising and opening their capital accounts, in line with the economies' specific circumstances. Such guidelines should aim at managing the risks associated with sudden shifts in capital flows. Economies' efforts in this regard would be strengthened by parallel progress on supervision, regulation and disclosure standards for private sector financial market participants.

Enhancing Transparency and Disclosure Standards

33. We recognise that a more effective functioning of markets require that the application of standards of transparency and disclosure be applied by both the public and private sectors. In this regard, our own efforts in developing deep and liquid bond markets, strengthening corporate governance and encouraging greater accountability of credit rating agencies (CRAs) have underscored the importance of enhancing transparency and disclosure standards within our economies. With respect to our collaborative initiative on CRAs, we agree to further work and task our Deputies to survey the codes of conduct and practices currently in use by various CRAs. We have also identified actions to strengthen information and disclosure standards in our respective economies. These should include efforts to foster a credit culture, promote alternative sources of information about credit risks and actively participate in international initiatives to harmonise accounting and disclosure standards.
34. We welcome the IMF's adoption of a comprehensive format for fuller disclosure of information on foreign reserves as part of the Special Data Dissemination Standards (SDDS) and its progress on elaborating codes of good practices. We urge APEC members that are subscribers to the SDDS to adopt the new format, and we encourage all members to adhere to the codes as soon as possible. We acknowledge the steps taken by the IMF to become more open and transparent. Similarly, we welcome the progress being made by the World Bank and ADB toward higher standards of openness and transparency, including making public a wider range of operational documents.
35. We also recognise the need for appropriate transparency by market participants, including HLIs. We look forward to reviewing the results of the Financial Stability Forum's work, the International Organisation of Securities Commissions' (IOSCO) report and reports of other private and public-sector bodies on issues relating to transparency and disclosure.

Enhancing the Roles of the International Financial Institutions

36. We note the central roles of the IFIs in resolving crises. We also note the establishment of the

Financial Sector Liaison Committee by the IMF and the World Bank to facilitate effective collaboration in the provision of advice on financial sector issues. In addition, we urge further improvements in the coordination and collaboration among the IFIs in crisis resolution to strengthen the effectiveness of their response to crises. In this regard, we look forward to the IMF's work on exploring ways to further improve its surveillance and programmes, and its modus operandi to better reflect the changes in the world economy, in particular the heightened role of international investors and the increased significance of large scale cross-border capital movements in contributing to external financial crisis. In this connection, we welcome the decision of the IMF to establish the new Contingent Credit Line (CCL) which should be readily available to all its members with good policies threatened by contagion, and thereby provide incentives to strengthen policies in a preventive manner. We are pleased that the ADB and the World Bank now have in place policies that allow them to provide credit enhancement facilities, which could be used to help catalyse needed private international capital flows.

Involvement of the Private Sector in Crisis Containment and Management

37. The actions of the private sector creditors will always be critical in resolving a financial crisis. We reaffirm our commitment to promote cooperation between economies, the private sector and the international financial institutions aimed at enhanced crisis prevention and resolution. We encourage all emerging market economies to maintain appropriate communication with their private creditors. We support wider use of market-based contingent financing mechanisms and collective action clauses in bond contracts and encourage industrial economies to take a lead role in this effort. We note that some constructive proposals have been discussed in a number of international fora. We also look to the IMF to continue work in this area, to explore ways to introduce collective action clauses in sovereign bond issues and to further consider ways to assure more orderly debt workouts. We remain of the view that there is a need for further practical work for systematically engaging the private sector in crisis prevention and resolution.

OTHER MATTERS

38. We welcome the opportunity to exchange views with the private sector and acknowledge the contribution of the AFG in achieving our common objectives. We welcome the participation of key representatives of the APEC Business Advisory Council (ABAC) and the Pacific Economic Cooperation Council (PECC). We note their recommendations, in regard to the education and training of regulators and participants of the financial sector and capital markets, the development of Asian bond markets, and the revitalisation of the financial system through institution building. We task our Deputies to work with the AFG, ABAC and the PECC to continue consideration of these recommendations with a view to incorporating them in our on-going work. In particular, we request the AFG to examine and report to us, by our next meeting, and drawing on the experience of recent crises, on the private sector's role in crises, and on the various proposals that have been put forward for ensuring appropriate private sector involvement in the prevention and resolution of future crises. We look to members of these groups to impress upon their colleagues in the private sector the reciprocal responsibilities and benefits of ensuring stable markets.
39. We welcome the progress made by the Sub-Committee on Customs Procedures (SCCP) in its twelve-point Collective Action Plan and multi-year technical cooperation programme to facilitate trade in the region. We look forward to smooth integration of the three new members into the action plan as well as the SCCP's new initiatives including the customs aspects of E-Commerce. Reaffirming that trade facilitation and enforcement must be well coordinated, we encourage customs authorities to actively continue strengthening such initiatives and

cooperation. We appreciate the SCCP's contribution to the World Customs Organisation (WCO) in making efforts to modernise and harmonise customs procedures on a global basis.

40. We discussed the report presented by the Philippines on the outcome of the Second Joint APEC-OECD Symposium on International Business Taxation held in Cebu in November 1998 where issues of electronic commerce and new technologies, harmful tax competition, the taxation of multinationals, and the tax policy and administration implications of financial instability were discussed. We call on our tax authorities, in coordination with the appropriate international and regional multilateral organisations such as the OECD and the ADB, to continue working on these issues.
41. We express appreciation for the contribution of the IMF, the ADB and the World Bank to our work, and our Deputies who also met several times to prepare for this meeting. In addition, the APEC Financiers Group have also met at the fringes of our meeting and we encourage them to continue with their efforts.
42. We express our thanks to the Government and people of Malaysia for the hosting of this meeting and the warm hospitality extended to us.
43. We agree to report on this Sixth APEC Finance Ministers Meeting to the APEC Leaders Meeting in September 1999 in Auckland, New Zealand.

NEXT MEETING

44. In keeping with the desire expressed by Finance Ministers in Kananaskis to align future Finance Ministers Meetings with the APEC Leaders' Summit, New Zealand and Brunei Darussalam have agreed to co-chair the 7th APEC Finance Ministers cycle. We agree to meet in Brunei Darussalam in September 2000. We ask our Deputies to undertake the necessary preparations on for these meetings, focusing in particular on efforts to build robust, open economies in the APEC region in pursuit of APEC's founding vision of free trade and investment.

Annex A

COLLABORATIVE INITIATIVES

Voluntary Action Plan for Supporting Freer and Stable Capital Flows: APEC Finance Ministers welcomed the progress made on the development of the Voluntary Action Plan for Supporting Freer and Stable Capital Flows (VAP). Two important studies have been commissioned which will, consistent with the APEC Economic Leaders' direction, assist in developing a pragmatic VAP which incorporates the useful lessons of the past 22 months as well as formulate appropriate good practice guidelines for monitoring capital flows, including short-term flows.

Following the conclusion of this information-gathering phase, APEC Finance Ministers look forward to a report on the shape and content of a VAP when they hold their 7th meeting in 2000.

Regional Forum on Pension Funds: The Second Regional Forum on Pension Fund Reform was held in 26-27 April 1999 in Vina del Mar, Chile. This collaborative initiative has been the first activity stemming from the Finance Ministers process to receive technical support from APEC. The Forum organised by Chile and Mexico was attended by APEC economy representatives, experts in the field and representatives of International Financial Institutions such as the International Monetary Fund, the World Bank and the Asian Development Bank. The participants addressed important and interesting topics and have shed new light on several crucial questions and challenges facing the reform of retirement systems throughout the region.

Some of the issues discussed in Vina del Mar were: (a) the cost and political aspects of the transition from public to private systems and its possible financing; (b) withdrawal policies, the payment of benefits and the role of the insurance sector; (c) the roles that both public and private sectors play in pension fund administration, including the performance of the public sector as a safety net provider; (d) the possibilities of individual election regarding investments of pensions funds; (e) the role of specialised financial institutions in pension fund administration; (f) the fiscal effects of guaranteed minimum pensions; and (g) the composition of investment portfolio of pension funds and the role of regulation and the market in product differentiation.

APEC Seminar on Pension Fund Reform : APEC Finance Ministers welcome Thailand's proposal to host an APEC Seminar on Pension Fund Reform to be held in Bangkok in March 2000 to exchange views on pension fund reform and other relevant issues from APEC member economies, focusing on the integration of social security, pension and provident funds together with supervisory and regulatory considerations. Government and private sectors as well as experts are expected to share their related knowledge, ideas, and experiences in the seminar. The seminar would be beneficial, particularly to Thailand and other APEC economies that are developing or may be considering developing pension fund reform programmes.

Supporting the Development of Credit Rating Agencies: We launched this initiative in Cebu prior to the eruption of the financial crisis in Asia in recognition of the important role credit rating agencies (CRAs) play in developing capital markets in the region. In Kananaskis, we discussed the performance of CRAs in the light of the Asian financial crisis. In Kuala Lumpur, our Economic Leaders called for the review of the practices of international rating agencies to promote their effectiveness and to contribute to sustainable capital flows.

We note the Philippines' report on the outcome of the APEC Consultative Workshop held in Manila in February 1999, which was also attended by multilateral financial institutions, international regulatory bodies and CRAs operating in the region. We agree that further work on this initiative is necessary and should contribute to the broader context of international architecture discussions, particularly in the area of strengthening transparency and disclosure standards by all market participants.

As a first step, we task our Deputies to survey the codes of conduct and practices currently in use by various CRAs. Such a survey should cover various issues, including (a) transparency and accountability of the ratings process; (b) conflicts of interest; (c) credibility and reliability of ratings; and (d) unsolicited ratings. We have also identified actions to strengthen information and disclosure standards in our respective economies. These should include efforts to foster a credit culture, promote alternative sources of information about credit risks and actively participate in international initiatives to harmonise accounting and disclosure standards.

Collaborative Initiative on the Development of Domestic Bond Markets: We launched this initiative to promote the development of domestic debt markets to promote more efficient financial intermediation within APEC economies and the global financial system. A key priority is to develop deeper, long-term, more stable and transparent debt markets in Asia to recycle the very significant Asian savings, which stand at more than 30% of GDP. Hong Kong, China hosted a workshop in December 1998, attended by 14 APEC members and international financial institutions. Members agreed to pursue two projects as part of further work. One was the drafting of a compendium of sound practices and the other was to develop a web-site to serve as a resource centre and facilitate information sharing. Another workshop will be held in Hong Kong around late May 1999 to follow up on the implementation of the two projects.

Collaborative Initiative on Strengthening Corporate Governance: Ministers' recognition of the need to strengthen corporate governance in member economies led to the establishment of the APEC Core Group on Corporate Governance, led by Malaysia in collaboration with Australia, United States, the World Bank Group and the Asian Development Bank. The Core Group tabled a report "Strengthening Corporate Governance in the APEC region" at this meeting setting out measures that can be adopted by economies wishing to strengthen their corporate governance systems, with particular emphasis on developing member economies. The report also includes an annex on the outcomes of the Corporate Governance Symposium hosted by Australia in November 1998. The Symposium brought together senior business people from member economies to identify priorities for reform in this area.

Survey of Adequacy of Banking Supervisory Regimes in APEC Economies: Recognising that sound banking supervision is important in ensuring financial stability, the initiative to assess the adequacy of banking sector supervisory regimes was agreed upon at the APEC Finance Ministers Meeting' in Kananaskis, Canada, in May 1998. The objective of the survey was to identify gaps or shortcomings in the supervisory framework of APEC members, which could form the basis for designing future training programmes conducted under the APEC umbrella to ensure a core of well qualified bank supervisors, which is essential to the maintenance of a strong and well-supervised banking system. Findings from the survey indicated a high degree of compliance with the requirements of the Basle Core Principles for Effective Banking Supervision. In the traditional scope of supervision such as licensing, ownership, approval of management, regulations on credit and internal controls and statistical requirements, most respondents already have well established systems in place. Weaknesses were found mainly in the area of supervising market risk and consolidated supervision. It was noted that bilateral discussions and memorandums of understanding (MOUs) appear to be the most common form of cooperation and consultation among supervisors, and there is further room for improvement in fostering such cooperation.

APEC Privatisation Forum: Thailand proposed an initiative to the APEC Finance and Central Bank Deputies Meeting in Kuala Lumpur Malaysia in November 1998 to support the privatisation process through institutional strengthening, and promote investment opportunities. It is believed that such an initiative would provide an opportunity to cooperate on issues related to privatisation and to develop a common and consistent understanding of principles of market liberalisation and the role of market competition. Further cooperation would enable best practices to be developed and shared, enhancing the transaction process and strengthening the institutional capabilities of member economies to manage the process.

The Core Group meeting was held on 22 March 1999 in Kuala Lumpur and attended by Chinese Taipei, Malaysia, New Zealand, Thailand, Viet Nam, the ADB and the World Bank. The Core Group has proposed that cooperation on privatisation occur through APEC Privatisation Forum (APEC-PF) reporting to the APEC Finance Ministers. Thailand reported the result of Core Group meeting later on 24 March 1999 to the APEC Technical Working Group. The initiative is highly welcomed by the Technical Working Group.

As a starting point, two issues under privatisation policy, being “market reform, liberalisation and competition” and “regulatory frameworks and reform” will be discussed at the inaugural APEC-PF meeting.

MEETING OF APEC MINISTERS RESPONSIBLE FOR TRADE

Auckland, New Zealand

29-30 June, 1999

STATEMENT OF THE CHAIR

APEC Ministers Responsible for Trade met in Auckland on 29-30 June 1999 to progress APEC's work programme in accordance with instructions given by Leaders in Kuala Lumpur.

2. Ministers met in an environment of shared confidence that the region was in the process of recovering from the economic crisis which has beset it over the past two years, but were aware that continuing challenges remain. They recognised that the commitment of APEC economies to the maintenance of open markets and individual reforms in the face of the crisis had played a significant role in moderating the impact of the crisis and in hastening recovery. Ministers emphasised that open, transparent and well-governed markets are key to a return to sustainable economic growth in the region and to the prosperity of its peoples. At the same time Ministers acknowledged the significant economic and social impact of the crisis around the region, and drew attention to the extensive array of work APEC has underway to help address these issues.
3. Against this background, Ministers focussed their discussion around the three themes that New Zealand as Chair has established for APEC 99: expanding opportunities for doing business throughout the region, strengthening markets and broadening support for APEC.

THEME 1: EXPANDING OPPORTUNITIES FOR DOING BUSINESS THROUGHOUT THE REGION

4. This area of work recognises that business has the task of generating growth, employment and prosperity in our economies and that keeping markets open—and opening them further—is vital to the development of sustainable business opportunities. The work aims to make business easier throughout the region, particularly for small and medium enterprises, through the elimination of red tape.

Individual and Collective Action Plans

5. Actions taken individually by economies are the principal means of achieving APEC's goal of free and open trade and investment by 2010/2020. Ministers welcomed the indication by economies of substantial improvements in preliminary Individual Action Plans this year. Fourteen have implemented tariff reductions, fourteen have liberalised their investment regimes, and seventeen notified measures in the area of competition policy and/or deregulation. Nonetheless Ministers, reflecting business concerns, agreed to further improve the credibility of their Individual Action Plans. The Plans needed to be more comprehensive, more transparent, and more user-friendly. They agreed to seek the advice of their business communities, and to submit improved Plans by the August deadline.

6. Ministers emphasised the importance they attached to the review of the Individual Action Plan process this year, in order to take stock of the progress made to date and the challenges which remain in achieving the Bogor Goals. They welcomed PECC's contribution to the review process. Ministers directed officials to report in September with recommendations on ways to improve the process. They welcomed the offers by Thailand and Peru to volunteer for peer review.
7. Ministers were pleased with progress to date on Collective Action Plans, including in the areas of customs procedures, mutual recognition of standards and conformity assessment procedures, mobility of business persons, government procurement, and professional services. Such measures are critical to boosting trade and investment flows through lowering the transaction costs of business. Ministers agreed that APEC needed to work better at communicating the value of this work to business and to receive feedback from business on their priorities. Ministers instructed officials to develop a package of concrete measures in September.
8. Given the evolution of circumstances since 1995, Ministers instructed officials to review the Collective Action Plan component of the Osaka Action Agenda including the need to broaden, deepen or modify this component of the Agenda, and instructed officials to report on this issue in September.

APEC Food System

9. Ministers welcomed the progress being made by the Task Force studying the APEC Business Advisory Council (ABAC) proposal for an APEC Food System. Ministers agreed the proposal offers a useful approach to food issues by focussing on the development of rural infrastructure, dissemination of technological advances in food production and processing, and promotion of trade in food products. Ministers emphasised the importance of addressing these three areas in a balanced way. They looked forward to receiving a final report and recommendations, for their consideration in September, on what APEC needs to do to respond effectively to the proposal. Ministers were also informed of ABAC's ongoing work on the APEC Food System.

APEC/World Trade Organisation

10. APEC is committed to open regionalism and supports the multilateral trading system. Ministers noted the mutually reinforcing role of the goals of both APEC and WTO. Ministers recognised the importance of this area of APEC's work to the region's business community, particularly as a response to protectionist pressures in the region.
11. Ministers agreed on the importance of ensuring full implementation of existing WTO agreements. Ministers encouraged acceleration of outstanding accession negotiations in accordance with WTO rules and based on commercially viable market access commitments with a view to achieving a universality of WTO membership.
12. Ministers recalled the particular importance which Leaders in Kuala Lumpur attached to early progress being made on broad-based multilateral negotiations in the WTO, achieving an overall balance of interests of all members. Ministers expressed satisfaction with the preparations in the WTO of the agenda for the Third WTO Ministerial Meeting in Seattle. They noted that a number of proposals have been tabled and agreed that APEC economies should take the lead in ensuring that all proposals are put on the table, desirably by the end of July. They agreed on the need for an intensification of activity in Geneva in the final phase of preparations for the

Seattle Ministerial and endorsed calls for work to begin on drafting the Seattle Ministerial declaration during August. They agreed that the Seattle Ministerial Declaration should contain agreement on both the subject matter for negotiations and on the modalities for progressing negotiations. They also agreed that further consideration should be given to the possibility of specific decisions to support the launch at Seattle of such broad-based negotiations.

13. Ministers agreed that the negotiation agenda should be broader than that already specified in the built-in agenda principally on agriculture and services, and that these areas and negotiations on industrial (non-agricultural) tariffs should serve as an integral part of the forthcoming negotiations. Ministers agreed that the negotiations should be concluded within three years.
14. Ministers further agreed on the need to ensure that the concerns of developing economies, including the least developed economies, are addressed in any new WTO negotiations. They noted that this was something to which APEC, with its broad membership and unique approach to trade and investment liberalisation, is well placed to contribute. Ministers instructed officials to consider the concerns of developing economies and least developed economies together with other possible issues for inclusion on the agenda for the Seattle WTO Ministerial Meeting including transparency in government procurement, electronic commerce, and trade facilitation and to report to Ministers at their September meeting.
15. Pursuant to their agreement in Kuala Lumpur on the front nine EVSL sectors, Ministers of participating economies emphasised the importance of the Accelerated Tariff Liberalisation (ATL) initiative in providing impetus to the wider negotiation on industrial (non-agricultural) tariffs which they agreed should be launched at Seattle. They welcomed progress in the initiative since November, including the support it had received from a number of non-APEC WTO members and instructed officials to continue to promote the initiative, endeavouring to conclude agreement in the WTO in 1999. They also agreed that participating economies should engage again with WTO members in July on their reaction to the initiative and on how it will tie into the launch, conduct, and outcome of any new WTO negotiations.
16. Ministers of participating economies noted the growing support for new WTO negotiations on industrial tariffs, and agreed that the atmosphere in the WTO was now positive for the negotiation in the WTO of the tariff elements of the remaining six EVSL sectors (Early Voluntary Sectoral Liberalisation) sectors – automotive (no tariff element), civil aircraft, fertilisers, food, oilseeds, and rubber. In this regard, they recalled the instructions received from Leaders in Vancouver to pursue an ongoing programme of voluntary liberalisation, and their intention that APEC continue to act as a catalyst for promoting trade and investment liberalisation globally, and in Kuala Lumpur to further advance work on the remaining six EVSL sectors.
17. Ministers of participating economies therefore resolved that the tariff elements of the remaining six EVSL sectors should be negotiated in the WTO during the course of the negotiations on agriculture already mandated in the WTO under the BIA, and the negotiations on industrial (non-agricultural) tariffs which they agree should be launched at the Third WTO Ministerial meeting. They took note of the efforts made by participating APEC economies to develop a framework for the reduction or elimination of tariffs in these sectors within an expedited timeframe, in accordance with the principle of flexibility, and called upon the WTO to take these efforts into account in the upcoming WTO negotiations.
18. APEC's EVSL initiative has always been about more than tariff liberalisation. Ministers welcomed progress made on implementing the non-tariff measure, facilitation and ECOTECH

elements agreed at Kuala Lumpur and the further initiatives developed since then, a list of which is attached. Ministers emphasised the need to continue implementation of all three elements and requested that officials report in September on further deliverables in this area.

THEME 2: STRENGTHENING THE FUNCTIONING OF MARKETS

19. The pace of globalisation and the scope and depth of the economic crisis have underscored the need for broader policy responses to support sustainable long-term economic growth and prosperity in the region. Trade liberalisation on its own is not enough. Efficient, innovative and competitive businesses require efficient, flexible and competitive markets. Ministers agreed on the need to improve the openness and efficiency of domestic markets in the region. This requires strengthened competition frameworks to support wider structural and regulatory reform, improved economic governance (public and corporate) arrangements, and accelerated efforts to reduce business costs in all markets.
20. Ministers agreed to intensify work in these areas and welcomed the strengthening markets approach this year to underpin recovery in the real economy. They noted that the sound operation of markets would improve the welfare of citizens by giving them better choice and better quality at lower costs. Strengthening markets provides a means of linking and reinforcing APEC's efforts on trade and investment, regulatory reform, and capacity building. Ministers highlighted the importance that business, SME Ministers and Women Leaders attached to reducing compliance costs on small business, improving the capacity of financial markets to meet the needs of small business, and building management capability. Ministers agreed to intensify work under the Collective Action Plans and ECOTECH programmes on these issues.
21. Ministers recognised the importance of developing a framework for advancing work on the strengthening markets approach. They supported the work underway to develop non-binding principles on competition and regulatory reform and instructed officials to complete recommendations by September. They appreciated PECC's contribution. Ministers welcomed initiatives undertaken by the Finance Ministers on international financial issues and on strengthening financial markets. They welcomed Japan's initiative to strengthen market infrastructure. Ministers also recognised the critical importance of building relevant institutional capacity and human skills, and agreed to develop further specific proposals in this area by September.

Economic and Technical Cooperation

22. Ministers welcomed work underway to improve the effectiveness of APEC's Economic and Technical Cooperation (ECOTECH) agenda through strengthening coordination and intensifying work on priority areas. They expected this work would be reflected in the 1999 report on ECOTECH activities and instructed officials to report in September on concrete outcomes achieved including the following specific initiatives:
 - developing a matrix to assist in the evaluation of ECOTECH project proposals; and
 - an electronic "clearing house" to enhance ECOTECH information flows.

They also requested officials to evaluate the effectiveness of projects implemented and to report in September.

Electronic Commerce

23. The Electronic Commerce Steering Group updated Ministers on progress in implementing the APEC Blueprint for Action on Electronic Commerce adopted by Ministers in November 1998. Key areas for action are:
- improving the legal environment;
 - paperless trading – aimed at streamlining transport, freight, customs and other transactions throughout the region;
 - developing a readiness template for benchmarking policies against best practice in areas that drive electronic commerce development; and
 - development of comparable measures and indicators of e-commerce among APEC economies.

They instructed officials to report further in September on progress achieved.

Y2K

24. Ministers emphasised that it was a matter of utmost urgency to ensure regional economies were as prepared as possible to manage the Y2K problem. When Leaders met in September, little more than 100 days before the new millennium, they would want to be confident that everything possible was being done. Ministers focussed in particular on the need for effective contingency planning and cross-border cooperation among economies to reduce risks from potential disruptions. They welcomed the activities underway in APEC, and directed officials to prepare a full and substantive report in September on actions underway.
25. Ministers therefore instructed officials to accelerate work on cross-sector and cross-economy dependencies including testing, information dissemination and improving systems to bolster regional contingency plans and continuity of operations. Specifically, Ministers urged economies to respond urgently to the questionnaire circulated by Canada, Japan and Singapore and the request for contact information from each economy on the key sectors, in order to develop a Y2K readiness and network of contact points. They agreed that the website being developed by Canada and the US was a useful means of exchanging information and develop contingency planning, and welcomed the US proposal for a Y2K risk assessment toolkit for cross-border issues, which would be posted on the this website.

THEME 3: BROADENING SUPPORT

26. Ministers agreed that the understanding and engagement of communities was increasingly critical to APEC's credibility and its capacity to deliver on its goals. Drawing on the outcome of the seminar 'Bridging the Gap: Explaining Trade and Investment Liberalisation' held in Auckland on 28 June, Ministers noted that perceptions about liberalisation are often distorted because the substantial benefits of liberalisation are widely dispersed whereas the adjustment costs are localised and more visible. Ministers endorsed the emphasis of the seminar on the importance of developing innovative tools for communicating effectively with communities; the need to eliminate jargon; to focus on things that are directly relevant to people's experience;

- and to improve transparency. They agreed that the Seattle WTO Ministerial Meeting would be a key opportunity for conveying a strong message on trade and investment liberalisation.
27. Ministers reiterated the critical importance of direct dialogue with business. ABAC urged Ministers to take work forward in five main areas: continued trade and investment liberalisation, strengthening Individual Action Plans, the APEC Food System, capacity-building, Y2K and aviation liberalisation. Ministers took note of all the comments. In particular they noted the strong links between tourism and air services liberalisation, and agreed that the Chair should write to APEC Transport Ministers urging them to implement the four priority recommendations for air services liberalisation that have been developed by the Transportation Working Group in the areas of doing business matters, air freight, multiple airline designation, and airlines cooperation arrangements. Ministers instructed officials to report to Ministers on APEC's response to ABAC's recommendations in September.
 28. A Trade Roundtable with business representatives from around the region was held for the first time as part of the Ministerial meeting. Ministers welcomed the conclusions of the Roundtable and directed officials to examine the conclusions to make sure that they inform our work. The conclusions of the Trade Roundtable are attached. Ministers were also briefed on the outcomes of the Business Symposium held in Auckland 24-26 June. The symposium identified the critical importance of macro-economic adjustment, structural reform and transparent regulatory regimes to support open, market-based economies.
 29. Ministers agreed that women in APEC are an enormous untapped potential for improving economic and social well-being and recognised the unique contribution of indigenous businesswomen in APEC. They welcomed the recommendations from the Women Leaders' Network meeting held in Wellington 21-23 June, and the Indigenous Women in Business Seminar held on 18-20 June. Recognising the differential impact of trade on men and women, Ministers agreed that particular attention needs to be paid to women's access to finance, information, technology and their full participation in APEC. Ministers reinforced the importance of the Framework for the Integration of Women in APEC as requested by Leaders. They looked forward to finalising the Framework by September for forwarding to Leaders.
 30. Ministers also welcomed reports from representatives of the Pacific Economic Cooperation Council (PECC), the South Pacific Forum and the Association of South East Asian Nations (ASEAN).

Annex A

EVSL: Non-Tariff Measures, Facilitation and ECOTECH Elements (as noted in para 18)

- A study on the full range non tariff measures and their impact in the forest products area;
- A study on the consistency of global fisheries subsidy practices with WTO rules;
- An automotive dialogue involving the auto industry and governments across APEC to map out strategies for increasing integration and development of the auto sector;
- A seminar on implementation of ISO safety standards for the toy sector;
- Implementation of training programmes for jewellery testing, assaying and hallmarking;
- A survey of environmental goods and services markets in APEC;
- A programme of training and development of designers and sample makers in the toy and novelties industry;
- An APEC gems and jewellery conference.

Further deliverables are being prepared for the APEC Ministerial meeting in September.

Annex B (refer paragraph 28)

APEC TRADE ROUNDTABLE DIALOGUE WITH APEC MINISTERS RESPONSIBLE FOR TRADE

**Auckland, New Zealand
30 June 1999**

CONCLUSIONS

INTRODUCTION

- We are all faced with the challenges of responding to globalisation and the interdependency of markets:
 - the role of governments is to create a competitive policy environment.
 - the role of business is to operate efficiently and create value.
 - value creation in APEC economies raises living standards and well being of APEC communities. It is the basis for sustainable economic development, growth in jobs and consumer well being.
 - the quality of policy has a decisive influence on the ability of business to operate effectively and efficiently, and create value.
- Business values and supports APEC's objectives and processes but is disappointed by the slowness of progress. It urges Ministers to act with greater urgency and effectiveness and is ready and willing to assist. It recognises that there will be difficult trade-offs for all economies.
- Participants consider that this forum was valuable. It contributes "grass roots" views into the APEC trade processes. It should be repeated.

STRENGTHENING THE MULTILATERAL TRADING SYSTEM

- Some tariffs in APEC are too high and it's hard to see APEC's successes (ETM exporter). Business needs more effective action to reduce tariffs, and soon. The WTO processes are too slow and the delay is costing APEC economies and consumers.
- Push ahead with EVSL and work towards multilateral support for the ATL initiative.
- Speed up work to eliminate market distorting measures such as export and capacity subsidies especially in the agriculture sector. Work to reduce tariff peaks in the agriculture sector, eliminate non-tariff barriers to trade such as the use of phytosanitary restrictions (e.g. bananas,

pineapples and mangoes from the Philippines into Australia and the United States), and remove quantitative restrictions.

- Improve the WTO's dispute settlement mechanism - make it more robust and effective.
- Increase APEC's focus on knowledge based industries by promoting initiatives that develop people and eliminate distorting taxation incentives.
- Leaders and Ministers must implement what has already been agreed in the area of e-commerce in APEC and broader forums (such as the WTO in the area of telecommunications). Avoid imposing additional restrictions on e-commerce - regulations, duties, taxes and non-tariff barriers. Emerging technologies should be encouraged.
- Review anti-dumping policies.
- Support the use of regional agreements to facilitate WTO processes.

TRADE FACILITATION ISSUES

- Better communicate APEC's work on trade facilitation in order to improve understanding and increase support from business and others for this work, which is important.
- Improve the ease of business travel by simplifying arrangements and reducing the amount of paperwork associated with moving people on short-term assignments. Urge all APEC economies to join the APEC Business Travel Card Scheme.
- Reduce the compliance costs associated with trade, which are especially severe for SMEs, through improved cooperation in such areas as customs and standards. Existing processes are unduly complex and inconsistent and APEC's progress is too slow. Also cross border costs are often arbitrary, too high, changeable and not appealable.
- Modernise and harmonise customs systems across the region including by establishing electronic data interchange systems and shared data banks. Harmonise product and commodity classifications. Simplify and harmonise customs procedures, guidelines and documentation requirements. Benchmark progress against best practice standards. Again, progress is too slow.
- Improve coordination of APEC work on electronic commerce and recognise the role of the private sector in leading the work agenda in this area. Needs more effective ministerial involvement/leadership.
- There are no borders in e-commerce but there are in legal systems. APEC should intensify work on cross-border fraud and virus contamination issues associated with electronic commerce. This is an area of increasing significance and cross-border enforcement is essential.
- Work towards harmonising qualifications and recognising skills acquired in the region.
- The complexity and inconsistency of tax systems is a major problem.

STRENGTHENING THE FUNCTIONING OF MARKETS

- Encourage a more competitive and less intrusive market environment by implementing “competition policy” in the broader sense. Open markets are the strongest.
- Adopt competition and regulatory principles in APEC to assist with the creation of such an environment. Ensure these principles are discussed with business.
- Support the creation of a more competitive market environment by building capacity and strengthening institutions in developing economies.
- Use a partnership between the government and the private sector to improve transparency. Better transparency has many benefits.
- Help improve transparency by reforming government procurement systems. Work to harmonise regulatory regimes.
- Liberalise international aviation rights and air cargo/freight services – 40 per cent of world trade (by value) is by air.
- Open markets to imports as a primary source of competition.
- Provide transparent and consistent treatment to foreign investors.
- Limit the activities of export monopolies and cartels in international markets. Competitive pricing of goods and services is essential. Governments should eliminate the fixing of prices and market shares.

OTHER ISSUES

- Improve and strengthen intellectual property rights in the region especially in the area of biotechnology (genetic patterns). APEC needs an integrated, consistent process. Patents on naturally invented products should only be granted with caution. The desirability of patents for software also needs to be examined. Copyright is preferable.
- Better communicate APEC’s achievements and actively promote the benefits of trade and investment liberalisation. Innovative approaches are required. 24 hours in the life of APEC? Rethink the role and involvement of the media in APEC meetings.
- Improve and build on the way APEC operates. Assist APEC members to liberalise trade and investment through economic and technical cooperation. Focus more on implementation. Identify ways for business people across the region to network and drive APEC’s agenda. Work in ways that encourage people to bring creative ideas to the table. Business should be involved in peer reviews of APEC Individual Action Plans.
- Develop innovative models to address environment, labour and human rights but don’t link them to trade issues and penalise developing economies.
- Strengthen monetary/financial systems in the region to assist stability in currencies.
- Public sector charges are often excessive and unpredictable.

THIRD APEC HUMAN RESOURCES DEVELOPMENT MINISTERS MEETING

**Washington, D.C., United States
28-29 July 1999**

JOINT MINISTERIAL STATEMENT

1. We, the Ministers responsible for human resources development from APEC member economies, met in Washington, D.C. on July 28 and 29, 1999 for the Third APEC Ministerial Meeting on Human Resources Development (HRD). We welcomed the inaugural participation of HRD Ministers from Peru, Russia, and Viet Nam. Our meeting was convened with the goal of encouraging regional cooperation and strengthening our capacity to mitigate the effects of future economic volatility on workers and their families. We must build on the lessons already learned in combating unemployment and poverty resulting from the financial crisis to create a foundation for sustainable economic growth.
2. Following the APEC Economic Leaders recommendation at their meeting in Kuala Lumpur in November 1998, we intensified our efforts to address the human resources and social impacts of the financial crisis. There are signs of gradual recovery in some crisis-affected economies; however, economic hardships continue. Our discussions were directed toward both short-term responses to the financial crisis and long-term strategies that will support stable economic growth and contribute to broadly shared prosperity.

Acknowledging APEC Activities

3. We commend the Human Resources Development Working Group (HRDWG) for the extensive work program that was initiated in response to the priorities highlighted at the second HRD Ministerial. We welcome the excellent work of the Task Force on the Human Resource and Social Impacts of the Asian Financial Crisis, which emphasized the importance of shared technical expertise in developing coherent regional strategies. The Task Force demonstrated the capacity of member economies to work together with different sectors of society. We urge the HRDWG to pursue the recommendations of the Task Force. We also recognize the valuable contribution of the resulting initiative on Innovative Practices in Labor Market Adjustment Policies and Programs in APEC Member Economies.
4. We noted the important role of the Malaysian Seminar on Best Practices for Public-Business Sector Partnerships in Skills Development in promoting successful public-private partnerships. We expressed our support for the First APEC Youth Skill Camp, being hosted by Korea in September 2000. We noted the establishment of the Asian Recovery Information Center, which will collate, catalogue and disseminate information and analysis on safety net issues. We noted the Best Practices Workshop on School-to-Work Transitions for Youth at Greatest Risk of Unemployment, which was held in Canada in June 1999. We noted the various activities underway in other APEC fora and in other regional and international organizations that will contribute to the development of a cooperative growth strategy in the region.
5. We welcome the recommendations of the Ministerial Meeting on Women in October 1998, and we reinforce the importance of the Framework for the Integration of Women in APEC. We agree that women in APEC are an enormous untapped potential for improving economic and social well-being

and recognize the unique contribution of indigenous women in APEC. We welcome the recommendations of the Women Leaders Network Meeting held in Wellington in June 1999. Recognizing the differential impact of economic and social policies on men and women, different groups and cultures, we agree that particular attention needs to be paid to women's training and upgrading of skills, access to information, science and technology; discriminatory work practices and conditions of employment; developing partnerships between the non-government sector and economies; and women's full participation in APEC.

6. We welcome the emphasis on human resources development in the recommendations of APEC SME Ministers to promote effective education-business linkages to support knowledge-based linkages; develop the capabilities of the current pool of managers; develop further SME managers; facilitate the transfer of skills between economies; and develop skills for entrepreneurs and consumers to enhance consumer protection and confidence. We endorse their call to intensify work in the HRDWG on issues of relevance to SMEs, particularly the development of processes for the mutual recognition of professional skills across the region.

Recognizing Human Resources Development Issues as Central to the Economic Agenda

7. Comprehensive strategies to address the conditions associated with the financial crisis require economies to effectively integrate human resources development with policies aimed at achieving sustainable economic growth. We recognize that effective labor and employment policies can expand trade and investment flows and result in economic growth that benefits the workforce. In order to maintain open and productive economies and to underpin support for trade and investment liberalization, we must ensure that the benefits of economic progress and globalization are widely distributed. This calls for building a strong foundation for human resources development in the 21st century that prepares individuals and businesses to take advantage of the opportunities created by economic growth and mitigate the impacts of economic uncertainty. This foundation must be rooted in quality education and training systems, effective and inclusive labor market policies, employment-oriented social safety nets, and innovative workplace practices.
8. We support the emphasis on strengthening the functioning of markets, identified by New Zealand as a key theme for APEC in 1999. To this end, we emphasize the importance of efficient, effective, and inclusive labor market systems. We recognize that the formulation of policies on labor, employment, training, social safety nets and workplace practices are the responsibilities of individual economies. At the same time, we recognize that lasting improvements in these areas require sustainable economic growth, which may be enhanced by regional cooperation in the increasingly integrated global economy. We are committed to learning from each other and exchanging experiences as well as working together to bring about sustained economic growth in the region.

Implementing Effective, Efficient and Inclusive Labor Market Systems and Social Safety Nets

9. Efforts to ameliorate the impacts of the crisis should include not only short-term steps to address current conditions, but also long-term strategies to advance labor market efficiency and effectiveness to support economic growth and widely-shared prosperity. It will be important over the next century to develop an adaptable workforce with the capacity for continuous learning. Active contributions from all stakeholders are required to implement various strategies and to mobilize available resources for this task. Our attention should focus on improving labor market information; on strengthening the role of the private sector and fully utilizing international organizations' expertise; on establishing effective delivery and monitoring systems; and on improving education and training and social safety net systems, as appropriate. Program and policy development should place emphasis on the needs of small and medium enterprises and should recognize the important contributions of the informal sector to the economy. We attach great importance to ensuring that women have full access to information, and to learning and employment opportunities.

10. We recognize the importance of having effective safety nets in place before a crisis develops and urge the design of effective and inclusive labor market systems and social safety nets, as well as gender sensitive mechanisms to assess the performance of such programs. Attention must be directed to addressing the needs of the most vulnerable populations, including women and youth, the elderly, the disabled, migrant workers and indigenous people and recognizing the particular cultural, economic, and institutional situations in different economies. Care must be taken to balance the equity component of social safety nets with the need for labor market efficiency, adaptability, and individual empowerment. In addition, we recognize as a priority the dignity of work, and the need to avoid dependency.
11. Strengthening the capacity of economies and relevant domestic agencies to respond to the consequences of economic downturns on workers and their families is paramount to promoting more sustainable economic development. We therefore see the desirability of economies working closely with international organizations to establish labor market frameworks and strong safety nets to enhance growth, employment and social cohesion. In this regard, we note the increasing cooperation between the international financial institutions and the International Labor Organization. We urge APEC to make use of their technical expertise and information resources. Our relations with these organizations will be consultative and collaborative, with a goal of complementing, rather than duplicating, work that is already underway.
12. APEC Leaders at their Kuala Lumpur meeting recognized the contribution of the business/private sector in enhancing APEC's activities. We encourage more productive partnerships among governments, business, labor, educators and training providers, and community groups in addressing human resources development issues. We call for deepening the discussion between these groups and the HRD working group as a component of the labor market policy and social safety net framework in accordance with APEC guidelines on non-member participation. The working group is encouraged to promote dialogue with private sector stakeholders to receive their input. We took note of Thailand's initiative to explore the possibility of establishing an APEC social infrastructure facility in cooperation with the World Bank to provide the necessary resources for addressing immediate social safety net problems and strengthening social safety nets in APEC member economies.

Developing the Workplace of the 21st Century

13. We further welcome the increased recognition of the need for a more integrated and supportive approach between the international organizations on issues that impact on workplace performance and long-term economic growth. This joint work should be premised upon further assistance being provided to governments, workers, and employers. We also agree that the Human Resources Development Working Group should be a forum to promote educational opportunities for youth in the region and should explore these and other ways of eliminating the worst forms of child labor. We direct the working group to give priority to this issue and to implement an activity in support of this work. We commend the work of APEC Education Ministers in promoting educational opportunities for youth in the region.
14. Globalization and rapid technological advances are changing significantly the ways that enterprises are managed and work is performed. The financial crisis has demonstrated the desirability to enhance the adaptability of organizations, workers, and employers to respond to rapidly changing environments. Innovative workplace practices enhance productivity and enable workers, employers, and economies to reap the benefits of rapid technological change and global integration. Involvement of workers and employers with the government in these efforts is critical to making them a reality. We agree that promoting an awareness of the economic benefits of improved workplace practices and new forms of work organization is vital to building the workplace of the 21st century. We welcome the recent Victoria, Canada colloquium that highlighted best practices in labor-management-government collaboration on human resources development matters and direct the working group to develop follow-on activities to continue work in this area. We note the valuable contributions of the recent

Japan-hosted Forum on HRD-Vocational Training Policies Towards the 21st Century. We urge participation in the Conference on Workplace Safety and Health, being hosted by Thailand in November 1999 and direct the Working Group to build on the results of the conference to continue an examination of safety and health practices in the workplace.

Follow-Up

15. We remain concerned about the lingering effects of the financial crisis on workers and their families and the human resources development challenges of the new millennium. As a result of our deliberations, we urge the strengthening of institutional capacities to develop and implement effective strategies and practices that will address the impacts of the crisis and will provide a foundation for human resources development in the 21st century. To guide our work in this era of globalization, we endorse the following objectives:
 - Placing human resources development and other employment policies at the center of economic policy and promoting cooperation, including the sharing of experiences and best practices, in this era of increasing globalization.
 - Increasing our collaboration and information exchange with and among other regional and international organizations and through enhanced cooperation among government, business, labor and civil society.
 - Using the diversity of APEC experiences to build upon existing knowledge and share lessons learned.
16. We recognize the important role of the Human Resources Development Working Group in advancing these principles and in contributing to the improved institutional capacities of our ministries through information sharing and economic and technical cooperation. In this regard, we agree on a course of action, consistent with the HRDWG medium-term strategic priorities and complementing the HRDWG work program. We direct the Human Resources Development Working Group to implement fully the Plan of Action attached to and made a part of this text. We task the Working Group with reporting back to us, by our next meeting, on the results of implementing the Plan of Action.
17. We agree to report on the outcomes of this Third HRD Ministers Meeting and the HRD Working Group Plan of Action to the APEC Joint Ministerial Meeting and Economic Leaders Meeting in September 1999 in Auckland, New Zealand.

Closing

18. We express our appreciation to the United States for hosting this meeting. We agree to hold our next meeting in 2001 and ask the HRDWG to proceed to implement our commitment. We welcome the Second APEC Education Ministerial that will be hosted by Singapore in April 2000.

APEC HUMAN RESOURCES DEVELOPMENT MINISTERIAL

**Washington, D.C., United States
27-29 July 1999**

***HRD Challenges and Opportunities for the New Millennium:
Addressing the Impacts of the Regional Financial Crisis***

PLAN OF ACTION

We, the Ministers responsible for human resources development in APEC, meeting in Washington, D.C., July 28 and 29, 1999, reaffirm our commitment to the principles of our Joint Ministerial Statement and direct the Human Resources Development Working Group to:

- Facilitate and coordinate an ongoing exchange of information on labor market systems and social safety net issues, and effectively disseminate such information to APEC member economies.
- Identify and demonstrate more effective ways to work in cooperation with labor, business, and civil society, as appropriate, and consistent with APEC guidelines, in considering employment policy and labor market systems, social safety nets, workplace practices, and other aspects of human resources development.
- Ensure effective communication with other APEC fora, in particular the Finance Ministers' process, so that the human resource aspects of the financial crisis are given priority, that policies developed to address the crisis take into account the fiscal policy frameworks of member economies, and that labor market programs avoid employment disincentives and ensure broadly shared prosperity.
- Restructure the HRD Working Group to improve its coordination among the education, skills development, business, and labor activities, and to reflect Ministers' priorities.

We call for the following action items on labor market policy, social safety nets, and workplace security to be implemented by the HRD Working Group.

Action Items

1. The HRD Working Group will develop a program of work for capacity building and exchange of information in the areas of labor market systems, social safety nets, and building the workplace of the 21st century.
 - A. Issues for work on labor market systems should include:
 - further development of quality labor market information and services;
 - executive, professional and technical personnel development;
 - school-to-work and other business-education-training linkages;
 - general skills development appropriate to the needs of the labor market, with specific attention to the needs of SMEs;
 - promotion of women's economic advancement;
 - role of the private sector in designing and implementing employment services; and
 - programs targeted to address the needs of vulnerable populations, in particular, women, youth, migrant workers, older workers, disabled and indigenous populations.
 - B. Issues for work on social safety nets should include:
 - unemployment or social insurance;
 - pensions;
 - income support systems for people not covered by formal plans; and
 - programs to enhance employability, empower individuals, and mitigate social assistance dependency.
 - C. Issues for work on the workplace of the 21st century should include:

- productivity;
 - adopting new technologies;
 - labor-management relations;
 - executive and worker development and training; and
 - safety and health.
2. In developing and implementing the program of work, the HRDWG should regularly consult with other regional and international organizations and representatives of government, labor, business, and civil society.
 3. The HRD Working Group will develop a project to share expertise on measures to monitor and evaluate labor market programs. This project should bring together experts from governments and regional and international organizations to improve the capacities of ministries to assess the performance of the programs.
 4. The HRD Working Group will develop follow-up activities to continue the work begun in the Victoria Colloquium on Labor-Management-Government Collaboration, the Penang Seminar on Private-Public Partnerships in Skills Development, and the Thailand Conference on Workplace Safety and Health. These activities will be designed to provide a framework for cooperative and participative approaches, and should lead to practical outcomes that benefit both employers and workers.
 5. The HRD Working Group will develop a project to exchange information on best practices for eliminating the worst forms of child labor and promote educational opportunities for youth in the region. This work should use the collective experiences of APEC to consider regional perspectives on the issue and share experiences regarding successful approaches.
 6. The HRD Working Group will continue to address and enhance women's participation in the labor market by implementing a project to promote inclusion in the workplace. Such work will examine both government policies and workplace practices that encourage equitable participation and opportunity in employment, building on previous activities in the HRDWG. The Working Group will also develop work to study and share innovation and best practices in building educational and labor market capability for indigenous people.
 7. The HRD Working Group will develop a program of work reflecting the HRD priorities identified by SME Ministers, including the mutual recognition of professional skills across the region.

The HRD Working Group will report on its progress in implementing this action plan at the next HRD Ministerial Meeting.

APEC BUSINESS ADVISORY COUNCIL (ABAC) 1999 ABAC REPORT TO APEC ECONOMIC LEADERS

**Auckland, New Zealand
11 September 1999**

TRANSMITTAL LETTER

The APEC (Asia-Pacific Economic Cooperation) process is unique in seeking direct business input into its work. It is therefore well-placed to respond to the economic challenges facing the region. As the official representative of business, the APEC Business Advisory Council (ABAC) is committed to ensuring that APEC responds to these challenges effectively by providing clear and independent advice on business priorities.

Trade and investment liberalization is vital to improve the competitiveness of our businesses, to encourage economic growth, and to increase the welfare of our communities. We urge all APEC economies, large and small, to take concrete steps to achieve the goal of free and open trade and investment by 2010 for developed economies and 2020 for developing economies. These dates are coming up fast, particularly for developed member economies.

For businesses to succeed internationally, they need open, transparent, and efficient domestic markets. It is up to all APEC members to ensure that their economies support business in this way. APEC can help economies build their capacity to cope with and benefit from the challenges of a competitive global market. We strongly support closer linkage between APEC's economic and technical cooperation (ECOTECH) activities and the needs of business.

Our specific recommendations for this year are outlined below. Background papers and more detailed recommendations are provided in the accompanying document.

Trade and Investment Liberalization

We reaffirm our support for liberalization of goods and services markets by eliminating tariff and non-tariff barriers by 2010/2020, and urge all member economies to continue to pursue collective and unilateral liberalization within APEC. Real progress on trade liberalization must be made at all levels—national, regional, and global—to ensure economic recovery and growth in our region. The call by APEC Trade Ministers for industrial products to be included in a new round of World Trade Organization (WTO) negotiations is a welcome step toward ensuring that the agenda for a new round will be comprehensive. ABAC urges APEC Trade Ministers and Leaders to work together on taking that agenda forward in the WTO.

On the completion of APEC's early voluntary sectoral liberalization initiative (EVSL), we wrote to Trade Ministers in March and May this year, supporting the call by Leaders in Kuala Lumpur for implementation of tariff reductions in the priority eight sectors by the end of 1999, through referral to the WTO as the Accelerated Trade Liberalization (ATL) initiative. We welcome progress on the important non-tariff, facilitation and ecotech aspects of the eight sectors, and urge Ministers to make similar progress on the same areas of the back six sectors by September. It is disappointing that Trade Ministers referred the tariff component of the back six sectors to the WTO **before** agreeing on the targets and timetable for tariff reductions. A successful transfer of the

EVSL/ATL initiative to the WTO is important, both in terms of the pressure it can exert on the upcoming WTO negotiations, and for maintaining APEC's credibility with business.

Individual Action Plans (IAPs)

The IAPs are the principal way for all APEC economies to clearly identify how they will achieve their commitment to free and open trade and investment by 2010 and 2020. It is imperative that all APEC member economies—large and small—continue to take comprehensive action to liberalize their economies and to include this in their IAPs. The IAPs are one of the key measures by which APEC's effectiveness is judged by business. With the focus on sectoral liberalization shifting to a new WTO round, APEC's work on unilateral liberalization becomes even more important. ABAC wrote to Ministers in June following its review of the 1998 Action Plans. We found that many of our previous concerns remained valid, specifically the need to improve their transparency, specificity, and comprehensiveness. Moreover, the individual actions being taken by member economies are not ambitious enough, in content or timeframe, to meet the goals of free and open trade and investment by 2010/2020.

Our initial evaluation of the highlights of the 1999 IAPs continues to support this view. We welcome the decision of some economies to reduce tariffs and open their markets to greater competition, but we still need to see more serious and substantial commitments, especially from developed economies. With the target date of 2010 now only 10 years away, business is looking to the developed economies to provide leadership in the APEC process and show clearly how the Bogor goals are going to be achieved. We look forward to discussing this with you in September.

This year we have targeted our review at three areas in the IAPs of particular interest to business:

- **Investment:** Not enough progress has been made in this area despite the window of opportunity opened by the urgent need for APEC members to further liberalize their investment regimes in the current economic environment. Foreign direct investment (FDI) fell in 1998, particularly in developing economies, and attracting investment back to the region is crucial to its recovery. FDI can provide development capital for the private sector but equally importantly will bring with it better technology, management skills and other expertise. To attract investment, business needs a transparent and stable investment environment. ABAC endorses the 'Menu of Options' approach developed by the Investment Experts Group (IEG), which identifies concrete policy measures for investment liberalisation for economies to choose from. ABAC strongly urges APEC members to include as many of these options as possible in their IAPs and bind themselves to implementing them as soon as possible.
- **Tariff and non-tariff barriers to trade:** Although APEC member economies are taking steps to reduce tariffs, business still sees them as a significant impediment to trade. APEC members need to reduce tariffs further, including in the agriculture and automobile sectors. ABAC considers non-tariff measures (NTMs) an even more significant barrier. Despite continued efforts by APEC officials to streamline customs procedures, business continues to tell us that there are still serious obstacles to trade in this area. Further steps to eliminate NTMs in the areas of standards and conformance, and efforts to improve transparency in government procurement, are also business priorities.
- **Services:** ABAC notes the efforts of some APEC economies to liberalize their services markets but considerable impediments to trade in services remain. To be able to compete effectively on a global basis, services providers and partnerships must be free to establish themselves in other economies and compete on a level playing field. An important step would therefore be to extend the principle of national treatment to all service sectors. This would allow companies in previously restricted domestic services sectors to be subject to

global competition and thereby improve their competitiveness. Liberalization in trade in services must be accompanied by capacity building at the national level so that appropriate competition policy can be implemented.

Capacity Building

Moves to liberalize trade and investment in the region need to be complemented by a new and orderly program to build the capacity and infrastructure of APEC member economies to cope with the transition to more open, competitive markets. Capacity building involves the exchange of information and experiences which help define, then implement, best practice policy making. ABAC recommends a more coherent economic and technical cooperation (ECOTECH) program which focuses on four key elements:

- **The promotion of international standards for economic governance** in the public and private sectors, including supervision and monitoring of financial markets, the introduction of a new system of rules and principles for corporate governance, regulatory reform and competition policy, and benchmarking of government processes. Important principles include transparency and the promotion of competition. The development of human resources in the public and private sectors is also critical.
- **Complementing the trade facilitation and liberalization work of APEC.** A first priority in this area should be implementation of the work being done in APEC to improve customs procedures and standards and conformance. Success in these areas will require in-depth skills training for the officials who manage the new systems.
- **Meeting longer term challenges to growth in the resource and infrastructure sectors.** The program should anticipate possible constraints to growth in, for example, the areas of food, energy, water and waste disposal; help economies develop the policies and institutional capacity to respond; and thereby sustain growth.
- **The development of better communications systems** in member economies to create new business opportunities and facilitate capacity building activities.

ABAC also recommends a new ECOTECH reporting process which details the scope for business input in particular. This will facilitate joint ventures with multilateral aid agencies and the private sector. Given the minimal funding allocated to APEC's ecotech program, ABAC believes that APEC must leverage funding from governments, multilateral agencies and business. Business will contribute on a commercial basis if the policy environment is right. Investment from the private sector can, for example, contribute to the strengthening of capital markets, build infrastructural capacity, provide training or develop databases. Business organizations in member economies have also expressed interest in sponsoring training seminars, including one for company directors. These activities will enhance the capacity of SMEs to compete in open markets.

ABAC believes that the current capacity building work in APEC fails to integrate work by the Finance Ministers. ABAC notes that the Finance Ministers are working on programs for capacity building in priority areas and requests that all capacity building activity be reported in one place in an accessible form.

Financial Issues: Promoting Recovery and Sustainable Growth

For real economic recovery and growth to take place in the economies of the APEC region, there has to be renewal of confidence in their financial sectors. ABAC applauds the important and often painful policy measures undertaken by many APEC economies to address the causes and effects of the financial crisis. Recovery appears to be within reach, but keeping the region on the road to

recovery depends upon continued momentum in the areas of financial reform and corporate restructuring.

While ABAC acknowledges the importance of on-going discussions on the global financial architecture, our focus is on those actions that can be taken by member economies and their private sectors. ABAC has developed specific, detailed action plans to promote early economic recovery within the region, and to lay the foundation for stability and sustainable growth. These plans are included in the accompanying document and are summarized below. The proposals will assist all business, including small and medium enterprises, which have suffered disproportionately from the effects of the financial crisis.

A. Promoting early economic recovery

i) Measures which should be given immediate priority:

- Restoring workable access to capital.
- Recapitalisation and restoration of the domestic banking sector.
- Encouraging foreign investment.
- Enabling rapid corporate reorganization, through legal reforms, improvement of domestic credit markets and trade finance.
- Addressing concerns about regulatory standards and practices for financial and other institutions.
- Building on the Asian Growth and Recovery Initiative and the New Miyazawa Initiative at the 6th APEC Finance Ministers meeting in Langkawi, Malaysia in May 1999 to provide credit enhancements to government bonds and working capital for restructuring corporations.

ii) Financial infrastructure and banking system improvements:

These proposals are designed to maximize private sector participation, use a market-driven approach and require stable and transparent government policies.

- Restructuring bank balance sheets.
- Encouraging foreign investment in domestic banks.
- Legal, accounting, regulatory and corporate governance reforms to improve financial reorganization.
- Improvement of domestic credit markets.
- Facilitating trade finance securitization.

ABAC also suggests the following optional proposals:

- Debt-to-equity swaps similar to those in Chile and Mexico.
- Exchange rate mechanisms to cushion currency instability similar to those used in Chile and Mexico's FICORCA.

B. Beyond the crisis: laying the foundation for stability and sustainable growth

ABAC proposes the following measures to deal with the longer-term issues and to strengthen financial systems and markets, especially within developing APEC economies to reduce their vulnerability to financial turmoil:

i) Developing domestic debt markets

- Several components of the measures listed above are relevant to the development of local debt markets:

- Issues related to laws/debt markets, development of local credit rating agencies, participation of foreign financial institutions in domestic debt markets, taxation of local and external debt financing and bankruptcy;
- Promoting high standards in financial disclosure and accounting; and
- Establishing benchmark government securities with a standard set of maturities.
- Early adoption of the Voluntary Principles in Promoting Financial and Capital Market Development contained in the 1997 Joint Ministerial Statement from the APEC Finance Ministers Meeting in Cebu, Philippines, and other initiatives on developing domestic debt markets currently undertaken by APEC.
- Upgrade market infrastructure and the quality of available macroeconomic information.
- Promote efficient financial market institutions, focusing on the development of pension funds and the insurance sector.
- Develop debt market instruments with international financial institutions

ii) Financial sector capacity-building

Develop effective and timely measures to harness the financial expertise within APEC member economies to assist other member economies with their implementation of measures required for strengthening the capacity of central banks, financial and corporate restructuring, improved corporate governance, legal reform and capital market development.

iii) Strengthening the global financial architecture.

ABAC strongly supports continued dialogue and work that has been done by APEC Finance Ministers, the Group of 7, and the IMF/World Bank on the strengthening and restructuring of the global financial architecture.

Recommendations for Action in Specific Sectors:

Food

We reconfirm our 1998 recommendation that Leaders establish an APEC Food System to harness the resources of the region, and welcome the Leaders' instruction to Ministers to explore this proposal further. ABAC has followed up this year with recommendations on possible first steps towards implementation of an APEC Food System:

- Address the APEC Food System in the Individual and Collective Action Plans, in line with the Osaka Action Agenda;
- Create an APEC export subsidy free zone for agri-food trade;
- Establish science-based sanitary/phytosanitary standards to facilitate production and trade in agri-food products, particularly by developing economies;
- Abolish, by the 2001 Leaders' Meeting, practices which limit food supplies to other members for political or economic reasons and eliminate taxes and quantitative restrictions on exports;
- Recommend to the WTO in 1999/2000 the adoption of commitments to non-discriminatory access to food supplies as a binding rule;
- Commit to progressively eliminating, ahead of the Bogor goals, unnecessary impediments to food trade;
- Enhance the transition capabilities of developing economies through a food "technology culture", a food investment code, and a rural development strategy using the APEC-PECC "RISE" project as well as inputs from multilateral agencies; and
- Recognize the social, environmental and other non-food roles of agriculture.

E-commerce

ABAC wrote to Ministers in June, outlining the cooperative efforts underway between regional business representatives on issues facing Government and the private sector in the area of e-commerce. We are committed to continuing to work with APEC through the ECommerce Steering Group and with other regional and international organisations active in this area (e.g. PBEC, PECC and the OECD). ABAC supports work already underway in the Steering Group on developing a template to enable economies to undertake a self-assessment of their readiness to utilize e-commerce. We further recommend that:

- APEC continues to work in partnership with the private sector to develop principles governing the ecommerce debate (draft principles are included in ABAC's background papers) including discussion of the policy/legal/regulatory and self regulatory environment needed to support e-commerce;
- APEC Leaders seek an agreement in the WTO not to impose any new customs duties on electronic transactions over the internet;
- APEC economies provide a description of how they use electronic means to communicate and carry out transactions with each other and with the private sector (e.g. customs clearances, government procurement, regulatory notifications) and how this could be extended, particularly in dealings with the public.

Air Services Liberalization

A strong, open and competitive international air transport network supports economic development, offering particular benefits to developing economies. We understand that officials have developed eight options for more competitive air services which offer fair and equitable opportunities to all member economies. The challenge now for APEC economies is to take this work forward. We therefore recommend that Leaders:

- Implement the recommendations of the APEC Transportation Working Group, giving particular urgency to the high priority recommendations identified, namely: "doing business" issues; including multiple carriers in bilateral agreements; facilitating cooperative arrangements or code-sharing between airlines; and removing barriers to air freight services.
- Identify and implement further steps to be taken by APEC economies towards the removal of barriers to trade and investment in air services in line with the Bogor Goals.

Partnership for Equitable Growth (PEG)

We reported to you last year on the Partnership for Equitable Growth (PEG), an independent organization intended to act as a catalyst for private sector involvement in APEC's ecotech program. PEG is now formally incorporated as a non-profit organization based in Kuala Lumpur and has begun work on several of its flagship projects.

Y2K

At their May meeting in Langkawi, Malaysia, APEC Finance Ministers agreed that efforts towards preparing for Y2K-related contingencies should be stepped up. ABAC wrote to Ministers in June noting that there is presently no common framework within APEC for regional cooperation on Y2K issues and recommending urgent dissemination of best practice measures to assist with:

- Inter-organizational and international testing of systems;
- Development of business contingency plans;
- Central banks' plans for payments system stability; and
- Dispute resolution through special legislative arrangements.

ABAC notes that existing proposals do not appear to include international preparedness for serious potential disruptions in member economies after entering the year 2000 and therefore suggests examination of international plans for short-term liquidity support and emergency aid programs, including provision of experts to repair systems.

In conclusion, may we reiterate our commitment to representing the views of the private sector in APEC. ABAC is currently working on its own internal procedures and structure to improve the relevance and quality of its advice to Leaders. We look forward to a substantive and frank discussion with you and your colleagues on 12 September in Auckland.

EXECUTIVE SUMMARY

Trade and investment liberalization is vital to improve the competitiveness of our businesses, to encourage economic growth, and to increase the welfare of our communities. We urge all APEC economies, large and small, to take concrete steps, both collective and unilateral, to achieve the goal of free and open trade and investment by 2010/2020. ABAC calls on APEC Trade Ministers and Leaders to work together on taking that agenda forward in the WTO.

For businesses to succeed internationally, they need open, transparent and efficient domestic markets. All APEC members must ensure that their economies support business in this way. APEC can help economies build their capacity to cope with and benefit from the challenges of a competitive global market.

APEC's Individual Action Plans

These are the principal way for all APEC economies to clearly identify how they will achieve their commitment to free and open trade and investment by 2010 and 2020, and also the main way for business to assess APEC's effectiveness. Previous concerns remain valid regarding lack of transparency, specificity, and comprehensiveness. The individual actions being taken by member economies are not ambitious enough, in content or timeframe, to meet the goals of free trade and investment by 2010/2020.

Capacity Building

Moves to liberalize trade and investment in the region need to be complemented by a program to build the capacity and infrastructure of APEC member economies to cope with the transition to more open, competitive markets. We recommend a more coherent APEC ECOTECH program which also details the scope for business input.

Finance

Recovery appears to be within reach, but keeping the region on the road to recovery depends upon continued momentum in the areas of financial reform and corporate restructuring. We have developed specific proposals to promote early economic recovery within the region, and to lay the foundation for long-term stability and sustainable growth.

Food

We reconfirm our 1998 recommendation on establishing an APEC Food System, and suggest possible first steps towards implementation of an APEC Food System including the creation of an APEC export subsidy-free zone.

E-commerce

We will continue to work with the wider private sector and governments in the region to develop principles governing e-commerce and a template to assist economies in developing e-commerce in their own economy. We recommend that APEC Leaders seek agreement in the WTO not to impose any new customs duties on electronic transactions over the internet.

Air services liberalization

We support a strong, open and competitive international air transport network. We urge Leaders to implement the recommendations of the APEC Transportation Working Group, and take further steps towards the removal of barriers to trade and investment in air services.

Partnership for Equitable Growth (PEG)

PEG is now formally incorporated as a non-profit organization based in Kuala Lumpur and has begun work on several of its flagship projects

Y2K

We call for regional cooperation within APEC on Y2K issues, including urgent dissemination of best practice measures, and examination of international plans for short-term liquidity support/emergency aid.

A STUDY ON THE APEC BUSINESS ADVISORY COUNCIL'S APEC FOOD SYSTEM PROPOSAL

By the *Ad-hoc* Task Force of the Senior Officials Meeting

August 1999

SUMMARY

1. In November 1998, APEC Economic Leaders renewed their resolve towards creating a prosperous Asia-Pacific community. Part of this resolve included Leaders' endorsement of joint actions to be launched in the area of food in relation to economic and population growth in the region, and an instruction to implement those joint actions. Leaders also instructed APEC Ministers to study the APEC Business Advisory Council's APEC Food System proposal. Following this instruction, at SOM I in February 1999, APEC Senior Officials established an *ad-hoc* task force to study ABAC's proposal for an APEC Food System (AFS).
2. The function of the *ad-hoc* task force included studying what APEC had achieved to date, what was underway and planned with respect to food, what actions individual member economies were undertaking and also recommending what additional work APEC could undertake in respect of food to ensure APEC responds effectively to ABAC's proposal. It was required to present a final report and recommendations to SOM III in August 1999.
3. ABAC's AFS proposal calls for capacity-building measures to accompany the promotion of trade in recognition of the critical role of the rural sector in the economy and wider society. An AFS should be consistent with the APEC principles and objectives represented by comprehensiveness, non-discrimination and WTO-consistency and flexibility. In this light, ABAC has based its food proposal on greater cooperation and interdependence between economies. Agriculture and food is a priority area for joint action, as the Asia-Pacific region must ensure that the region's economic prosperity is sustainable. ABAC proposes an APEC Food System that efficiently links together food production, food processors and consumers. A system which harnesses the resources of the region wherever they are located, in order to meet the food requirements of its people and maximises the contribution of the food sector to the welfare and prosperity of all economies, whether food exporting or food importing, developing or developed. As such, an APEC Food System forms one of the important elements of the APEC work programme and needs to be kept on APEC's long-term agenda.
4. The means to achieve a robust and effective AFS lies in the actions taken within APEC's pillars of trade and investment facilitation and liberalisation and economic and technical cooperation in line with the Osaka Action Agenda. In this respect the *ad-hoc* task force has found that the recommendations in ABAC's AFS proposal are already largely on APEC's long-term agenda and that substantial work in this area has been and is continuing to be carried out. For example, many of the infrastructural and investment issues facing the food sector are being addressed in the context of general economic development in the region. Activities proposed in the promotion of trade are largely addressed in the Bogor goals and Osaka Action Agenda, although the task force noted that the ABAC AFS calls for the progressive

elimination of unnecessary impediments to trade in food products ahead of the Bogor goals. The third area of cooperative action in ABAC's AFS, the dissemination of technological advances, is an important part of the work of the ATC EG.

5. Nevertheless, in some areas there is scope for greater precision to be applied in conducting APEC work to ensure that its relevance to the ABAC's AFS proposal is fully realised. It is important that duplication or overlap of activities within APEC, and with institutions outside APEC, is avoided. It is also important that APEC ensures that the interdependent and mutually reinforcing components of an AFS are communicated to, and supported and recognised by, member economies. In this respect APEC would enable and encourage member economies to analyse and develop their own domestic policies and capacities, considering the diverse circumstances in each economy, which support their economic prosperity and sustainable development and the APEC shared vision to attain sustainable growth, equitable development and national stability for the region's people.

INTRODUCTION

A. APEC *Ad Hoc* Task Force to Study the ABAC AFS Proposal

6. This study is a result of APEC Leaders' November 1998 instruction to Ministers and the agreement by Senior Officials at SOM I in February 1999 to establish an *ad-hoc* task force to study the ABAC proposal for an AFS. The task force was to present its final report and recommendations to SOM III in August 1999¹. The function of the task force was to:
 - Study the consistency of the AFS with APEC's goals and objectives.
 - Study what APEC has achieved to-date, and work currently underway or proposed, including the follow-up to FEEEP/TFF joint actions, with respect to the AFS. For example, this includes what individual members are doing and what has not been addressed by APEC and member economies.
 - Recommend what additional work APEC could undertake in respect of food, consistent with APEC's goals and objectives, to ensure APEC responds effectively to the AFS.
7. The following report and recommendations represent the final study, as presented to SOM III in August 1999.
8. It is important to note that given the complexities of the region's food and agriculture sector and the limited time available to undertake this study, the record of APEC's collective actions, individual member economies' achievements and work proposed and underway is not necessarily presented as an exhaustive or comprehensive record. However, where possible, members of the task force in preparing this study trust that the main elements of APEC's food-related achievements and initiatives underway or proposed are recorded.

B. Background

9. Since 1994 APEC has undertaken work on trade and investment liberalisation and economic and technical cooperation. At Osaka in 1995, Leaders agreed to put the issues of the impact of expanding population and economic growth on energy, the environment and food on the long-term agenda and consult further on ways to initiate joint action to ensure that the region's

¹ 99/SOM 1/040

economic prosperity is sustainable. As the work progressed, issues emerged that warranted further consideration by APEC, in particular with respect to the longer-term issues concerning food². The complex nature of food-related issues and the need for a finely balanced approach was underscored.

10. APEC Leaders endorsed the joint actions to be launched in the area of food and instructed Ministers to undertake efforts to develop the implementation of these joint actions³. At their meetings in February and May 1999, Senior Officials endorsed the SOM Chair's proposal to allocate these joint actions for follow-up work in existing APEC sub-fora⁴. The joint actions on food issues are being implemented in relevant APEC fora.

C. The ABAC Proposal

11. Leaders have recognised that the involvement of the business/private sector is an important feature of APEC work and endorsed its broader participation in APEC activities. In this respect, ABAC recommended that APEC should build an APEC Food System (AFS), a long-term project to achieve a more robust regional food system that efficiently links together food producers, processors and consumers and more securely meets the region's future food needs. The work programme should involve close public-private collaboration and parallel cooperative action in three areas: rural infrastructure development, promotion of trade in food products and dissemination of technological advances⁵. ABAC states that "our challenge is to advance the concept of the AFS, recognise the critical significance of it for all economies and, building on work already available draw up a roadmap for implementation"⁶.

D. APEC Leaders Instruction

12. Leaders welcomed the recommendations by ABAC and instructed Ministers to study ABAC's proposals, including the AFS⁷.

ANALYSIS OF ABAC'S APEC FOOD SYSTEM PROPOSAL

² APEC Economic Committee, (1998), *The Impact of Expanding Population and Economic Growth on Food, Energy and the Environment (FEEEP) in the APEC Region, Report to Economic Leaders Building Sustainable Prosperity in APEC: Options for Possible Joint Action*, page 1-2.

³ APEC Economic Leaders Declaration, November 1998 Strengthening the Foundations for Growth

⁴ 99/SOM 1/004

⁵ 99/SOM 1/027, page 5

⁶ *The APEC Food System (AFS): A Proposed Roadmap*. It is worth noting that ABAC has established an Implementation Task Force that will track the implementation of ABAC recommendations, including the AFS, and draw up a road map for implementation (99/SOM 1/043). ABAC's work towards further development of the AFS emphasizes the critical importance ABAC attaches to the concept of an AFS and the commonality the AFS has with other APEC issues. Further the Pacific Basin Economic Council (PBEC) also supports ABAC'S regional food system proposal. PBEC believes that it is imperative for the health and welfare of millions of people that APEC members work to improve the rules and practices of trade in food. As an initial step in developing complementary private-sector strategies, in support of APEC's work programme, PBEC co-hosted a Pacific Basin Food and Agriculture Strategy Conference in Manila in March 1999. This initiative was used as an input to ABAC's further development of the AFS.

⁷ APEC Economic Leaders Declaration, Kuala Lumpur November 1998 Strengthening the Foundations for Growth, paragraph 22

A. Outline of the Key Elements of ABAC's APEC Food System

13. ABAC calls for APEC Leaders to commit to building an APEC Food System as their approach to action in the food sector, consistent with the APEC principles and objectives represented by comprehensiveness, non-discrimination, WTO-consistency and flexibility.
14. ABAC proposes an "APEC Food System" that will promote social and economic development and benefit all APEC member economies⁸. The proposal is a comprehensive and equitable approach to action in the food sector, which:
 - efficiently links together food producers, processors and consumers;
 - harnesses the resources of the region to more securely meet consumers' food needs; and
 - maximises the contribution of the food sector to the wealth and prosperity of all economies.
15. ABAC's AFS proposal calls for capacity-building measures to accompany the promotion of trade in recognition of the important role of the rural sector in the economy of the wider society. This is also defined, by ABAC, as cooperative action (in parallel) in the following areas:
 - rural infrastructure development;
 - promotion of trade in food products; and
 - dissemination of technological advances.

B. Comparison of ABAC's AFS Proposal with APEC's Goals and Objectives

16. As the Business Advisory Council of APEC, ABAC's mandate is to provide timely and relevant recommendations towards the achievement of APEC goals⁹. The two main functions of ABAC are to:
 - provide advice on the implementation of the Osaka Action Agenda; and
 - respond when various APEC fora request information about business-related issues or the business perspective on specific areas of cooperation.

Recognising these functions, ABAC prepared its AFS proposal and presented its recommendations to APEC Leaders.

17. ABAC refers to the lack of appropriate action in the food sector, which is costly for the region as a whole particularly for APEC's developing members. In turn, ABAC believes the benefits of cooperative APEC action in the food sector (economic and social) are potentially far greater than for any other sector.
18. At Bogor in 1994, APEC Leaders set a number of specific goals and objectives, including free and open trade and investment in the Asia-Pacific, expansion and acceleration of the trade and investment facilitation programme, and intensified economic and technical cooperation. These are the three primary areas where APEC works to achieve its vision.

⁸ *ABAC Report to the APEC Economic Leaders 1998*, page 59.

⁹ *ABAC Report to Economic Leaders 1998*, Letter from the ABAC Chair to the APEC Chair

19. APEC Leaders announced their commitment to achieving the free and open trade and investment goal, with industrialised economies achieving it no later than the year 2010 and developing economies no later than the year 2020. Leaders also announced their objective to intensify development cooperation among the community of Asia-Pacific economies. The Osaka Action Agenda is the framework for implementing the Bogor Declaration. The Osaka Action Agenda represents the three pillars of trade and investment liberalisation, their facilitation, and economic and technical cooperation. Leaders agreed to nine general principles to be applied to the entire APEC process so as to guide the achievement of member economies' liberalisation and facilitation: comprehensiveness; WTO-consistency; comparability; non-discrimination; transparency; standstill; simultaneous start, continuous process and differentiated time tables; flexibility; and cooperation. The action phase of implementation, through individual and collective initiatives in accordance with the Osaka Action Agenda, was presented in the Manila Action Plan for APEC (MAPA).
20. ABAC considers that free and open trade in the region by the year 2010 for developed economies and 2020 for developing economies should remain the goals of APEC. In its 1998 Report to Economic Leaders, ABAC recognises the complexities of the food sector and the associated sensitivities, and believes a new framework is needed to achieve APEC's goals in this sector. ABAC agrees with Economic Leaders on the importance of the food sector, and calls for a comprehensive work programme in order to attain the APEC shared vision. This work requires cooperative action (in parallel) in the food sector. It also states that this will be a long-term project. ABAC believes that action must proceed according to APEC principles and objectives and calls for Leaders to commit to building an APEC Food System consistent with APEC principles and objectives.
21. APEC was established with a view to attaining sustainable growth, equitable development and national stability in the region¹⁰. ABAC proposes an APEC Food System that efficiently links together food production, food processors and consumers. A system which harnesses the resources of the region wherever they are located, in order to meet the food requirements of its people and maximises the contribution of the food sector to the welfare and prosperity of all economies, whether food exporting or food importing, developing or developed. Such an APEC Food System should benefit all member economies' people, through harnessing the resources of the region to more securely meet consumers' food needs. Some economies emphasised the importance they attach to the multifunctional role of agriculture. In June 1999, APEC Ministers Responsible for Trade agreed that ABAC's AFS proposal offers a useful approach to food issues and emphasised the importance of addressing the development of rural infrastructure, promotion of trade in food products and dissemination of technological advances in a balanced way.
22. ABAC's proposal for an APEC Food System is a step towards achieving APEC's goals and objectives. In studying the consistency of ABAC's AFS with APEC's goals and objectives, it should be noted that some FEEEP/Task Force on Food (TFF)¹¹ joint actions are not explicitly included in ABAC's three areas of cooperative action. For example, although ABAC identified land degradation and environmental concerns the importance of sustainable agriculture in building a more robust regional food system is not explicitly considered in the AFS proposal.

¹⁰ APEC Economic Leaders' Declaration for Action, 1995

¹¹ The Task Force on Food (TFF), under the co-chairmanship of Australia and Japan, examined food-related aspects of the FEEEP initiative and identified possible joint actions to deal with regional food challenges that could arise in the future. Its work was concluded in 1998. (FEEEP Report, 1998, page 8.)

C. ABAC's APEC Food System: Three Areas of Cooperation

23. ABAC identified the optimum means to build an APEC Food System is through the pursuit of three areas of cooperation: rural infrastructure development, dissemination of technological advances and promotion of trade in food products. These three areas are inter-related, mutually reinforcing and will require a commitment to cooperative action to the welfare and prosperity, economically and socially of all member economies, including food exporting and importing, developing and developed, working closely with the private sector. This section explores each of the ABAC AFS's three areas of cooperation.

(i) Rural Infrastructure Development

ABAC believes rural infrastructure is vital to ensuring the development and vitality of rural communities, particularly where they are dependent on the food sector. More extensive and sophisticated handling, storage and distribution systems are required. Combined with infrastructure development is a greater need for an educated workforce.

ABAC calls for cooperative action by APEC to:

- a) Improve the availability of rural education.
- b) Promote increased investment in (physical) rural infrastructure, including:
 - Ensuring sound macro-economic and domestic regulatory environments, these being conducive to private sector investment in infrastructure.
 - Development of funding mechanisms (working with the private sector) to facilitate and reduce the cost of private sector investment in infrastructure.

24. Rural development plays an important role in providing job opportunities, permanent residences, ensuring social safety nets and preserving traditional values and lifestyles. However, rural areas in many APEC economies have been facing challenges such as the aging of farmers, decreasing population and the increasing income gap between urban areas and themselves. To maintain or enhance the viability of such rural areas, it is essential to improve rural infrastructure. In 1997 APEC Leaders stated that improving infrastructure in rural communities is critical to the region's development and endorsed a framework for strengthening economic and technical cooperation on infrastructure. In the following year, the Economic Committee (EC) prepared a report to *APEC Economic Leaders on the Impact of Expanding Population and Economic Growth on Food, Energy and the Environment (FEEEP)*. The report identified the importance of ensuring investment flows to rural infrastructure particularly for irrigation and transport.

a) Improve the Availability of Rural Education

25. In terms of improving the availability of rural education, the Human Resources Development Working Group (HRDWG) contributed to the response of FEEEP issues. Established in 1990, the HRDWG covers a broad range of issues from basic education to industrial training and leadership and management skills development for small and medium enterprises. The HRDWG undertakes work it considers critical to (human capital) infrastructure development and continues to implement initiatives in a range of human resource development issues in response to the direction from APEC Leaders and Ministers. This includes contributing to the Action Programme on Skills Development and continuing efforts to have closer working relations with other APEC fora.

26. Given the extensive nature of the HRDWG activities, a recommendation of this task force is that the HRDWG works to ensure that it gives appropriate consideration to the importance of improving the availability of rural education. Further, the ATC EG should ensure that member economies undertake cooperative measures with non-government, non-profit organisations to improve the availability of rural education. For developing countries, rural education is a social service provided by governments, with limitations in financial, human and institutional resources, hence the relevance of the role of non-government, non-profit organisations in rural education.
27. The Agricultural Technical Cooperation Experts Group (ATC EG) is in the process of establishing a database of information concerning institutions involved in technology transfer, training facilities, courses, activities and seminars available in the region under the priority area of Agricultural Technology Transfer and Training. It is also involved in activities aimed at strengthening existing regional agricultural technology transfer training facilities and developing cooperative training programmes¹². Given the importance of rural education, the ATC EG will be expected to positively engage in this field as well.

b) Promote Increased Investment in (Physical) Rural Infrastructure

28. The Economic Committee's Infrastructure Workshop makes a direct contribution to ABAC's call to promote increased investment in (physical) rural infrastructure. Initiatives being developed by the Infrastructure Workshop include projects on financing (physical) rural infrastructure, sustainable cities and an infrastructure facilitation network. In addition, with the support of the World Bank, the Infrastructure Workshop's research and analysis programme in support of progress in APEC's infrastructure activities is being renewed.
29. In 1998, the Infrastructure Workshop concluded that the principles of the Vancouver Framework for Enhanced Public-Private Partnerships in Infrastructure Development¹³ have been reinforced by the economic developments of 1997-98. This is illustrated by the encouraging interest from private sector centres of excellence in participating in the implementation of the Vancouver Framework's commitments. Through the Infrastructure Workshop, work being pursued includes regulatory transparency and best practice in the development of infrastructure projects¹⁴. As the Infrastructure Workshop's programme is advanced, the prospect of results in the areas of improving capacities and information and consultation in 1999 is encouraging¹⁵.
30. In terms of ABAC's call to ensure sound macro-economic and domestic regulatory environments, work currently being supported by APEC includes, for example, the Pacific Economic Cooperation Council's (PECC) Trade Policy Forum competition principles. These principles are aimed at helping to guide the development of a competition framework for APEC economies in the short, medium and long term. PECC is also developing policy frameworks for dealing with the challenges posed by the Asian economic crisis and will be

¹² *Report on Economic and Technical Cooperation to the Tenth Ministerial Meeting*, (1998), page 26

¹³ The Vancouver Framework for Enhanced Public-Private Partnerships for Infrastructure Development recognises that strengthened partnerships between the public and private sectors are needed to put in place and manage the infrastructure required by the APEC region to meet its goals. APEC Leaders have affirmed the need for action in voluntary principles, financing and investment, improving capacities and information and consultation. Leaders also endorsed 14 commitments, 7 of which are under "the need for action in improving capacities and information and consultation" and to a great extent fall to the Infrastructure Workshop to implement.

¹⁴ 99/SOM 1/027

¹⁵ Economic Committee 1998 Report to Ministers

developing an initiative to design a system for the review of macroeconomic performance, in particular, the financial sectors of APEC economies¹⁶. The TFF reported that there should be scope for targeted investment and cooperation in the development of infrastructure in the food processing sector¹⁷.

31. The TFF concluded that continued improvement of and investment in general infrastructure will be important to ensure food is produced, stored, processed and transported as efficiently as possible¹⁸. In particular, the TFF suggested possible joint actions to exchange information on current policies and programmes for developing infrastructure, with a view to identifying the most desirable and practicable means for expanding both public and private investment in infrastructure. This would comprise exchanging information on the impact of recent economic developments on member economies' policies. This exchange of information could cover policies aimed at alleviating rural poverty and sustaining development in rural areas, the role of small and medium enterprises and multinational enterprises in the food sector, measures to encourage investment in facilities to ensure food safety, and measures for decreasing the loss of food during distribution. The TFF also suggested, where appropriate, to coordinate and combine related projects pursued by different economies or entities in order to maximise potential benefits. The Infrastructure Workshop should now undertake these actions.¹⁹
32. With the aim of improving the development and vitality of rural communities, the TFF also suggested possible joint actions to exchange information on policies and measures for this purpose, particularly in relation to small and medium-scale farmers and processors. In this regard the ATC EG has been undertaking these joint actions, which include examination of the policy responses to abnormal weather patterns, changing demographic and economic growth, and exchanging information or holding workshops/symposia to identify various rural issues facing member economies.
33. In terms of advancing the TFF joint action, the Infrastructure Workshop is co-sponsor of a PECC Project on infrastructure called the Regional Integration for Sustainable Economies (RISE) infrastructure initiative. The RISE infrastructure initiative, launched at the Infrastructure Workshop's "Infrastructure to Diversify and Integrate Rural Economies" symposium in May 1999 in St Louis, USA, identifies new financial strategies for infrastructure to expand development in rural areas and integration into the economic mainstream. The RISE Project comprises special working teams to advise rural development initiatives in selected APEC economies, the first advisory and consultative team will begin work on a Philippine rural development project in October 1999.
34. In order to address the economic and demographic trends emerging in member economies, which the TFF identified, this ad-hoc food task force also encourages APEC to continue to support and investigate new and innovative ways to attract the infrastructure investments necessary to build facilities and rehabilitate existing infrastructure. Such as might be developed, by Finance Ministers, through the Vancouver Framework commitments on financing and investment. This work is also, in part, being advanced by APEC's Investment Experts Group (IEG). The IEG, mandated by APEC Leaders in 1994 to develop a set of non-binding

¹⁶ 99/SOM 1/042

¹⁷ *FEEEP APEC Task Force on Food Report*, page 67

¹⁸ TFF Co-Chairs' Final Report

¹⁹ 99/SOM1/004

investment principles²⁰, aims to assist in achieving the investment-related components of APEC's work. This work includes the compilation of existing initiatives, undertaking new activities, an exchange experience programme and raising awareness of the various options available for investment liberalisation and facilitation.

35. In addition to the Vancouver Framework and the IEG's work programme, essential elements for implementing the ABAC's AFS call for action on infrastructure are being identified and developed in other fora outside APEC. For example, in 1998 the Asian Development Bank (ADB) completed work on revitalising private investment in infrastructure; and in 1999 PECC undertook various infrastructure initiatives, with input from the World Bank, Inter-American Development Bank, ADB and the Food and Agriculture Organisation of the United Nations.
36. PECC is also undertaking work aimed at developing an integrated approach to the various elements of the AFS. The PECC Food and Agriculture Forum has lent its expertise to the rural development aspects of the AFS. PECC will also issue its annual Pacific Food Outlook 1999 edition at the Leaders meeting in September 1999, the central theme of which is basic infrastructure components for the APEC member economies.
37. Various economies are undertaking work aimed at developing an integrated approach to the various elements of the AFS. For example, Japan has a number of economic and technical cooperation projects to support the development of infrastructure for the improvement of agricultural production and conditions of rural life.

(ii) Promotion of Trade in Food Products

There remains significant impediments to trade in food products in the APEC region. These are maintained at a high cost to consumers, taxpayers and business. The existence of these impediments to trade arises from natural and social conditions in each economy, and were established to ensure sustainable agricultural production, to enable agriculture to play multifunctional roles in each economy and to achieve food security. Against this background, liberalisation cannot be seen as an end in itself. In view of the pressure in the region on land, water and capital resources, the ABAC AFS proposal calls for cooperative action to promote trade in food products in the following areas:

- (a) Trade facilitation measures to reduce the cost of trade in food products.
- (b) Measures to improve the capacity of member economies to trade in food products including:
 - A programme of technical assistance to upgrade SPS procedures where these inhibit exporting of food related goods; and
 - Cooperation for harmonising/equivalency of food regulation and control systems on consumer requirements.
- (c) Progressive elimination of unnecessary impediments to trade in food products, ahead of the Bogor goals, including:
 - Progressive reduction of tariffs;
 - Identification and phasing out of World Trade Organisation (WTO) inconsistent non-tariff measures; and
 - Elimination of export subsidies.

²⁰ APEC's Non-Binding Investment Principles aim to increase investment and to develop supporting industries in member economies through 12 non-binding principles.

(d) Cooperation in ensuring nondiscriminatory access to food products.

38. Trade is one of the key elements in achieving world food security, other key elements include domestic production and stockpiling, and has an increasingly important role to play in helping the region meet its food requirements. Food security is essential for all economies, especially developing economies suffering from starvation/malnutrition and net food importing economies. It is important to ensure that food supplies are safe and physically and economically accessible by all, at all times²¹. These issues need to be considered when continuing to reform the policy and trade environment of the agriculture and food sector.
39. Member economies have different views on food security. Some member economies consider that agricultural trade has an unstable nature and that stockpiling is a useful means to supply urgent food demands. These same economies believe that domestic production should be the basis of food supply with a proper combination of imports and stockpiling. Other member economies believe that these policies impose a high cost of assuring food security through maintaining a self-sufficiency policy, often at the expense of more efficient patterns of resource allocation, and interacts with APEC's ability to deliver trade liberalisation measures aimed at reducing the cost of trade in food and helping meet the region's food requirements.
40. The TFF noted that increased trade flows will further change the geographical distribution of production and that this can lead to more efficient patterns of resource allocation within the region, which in turn can help sustain high rates of economic growth and generate income needed to raise nutritional levels. The TFF report also identified concerns among member economies for food security, noting that there are concerns from some net food importing economies about the future instability of food supplies in terms of price/quantity due to climatic changes and policy changes and under circumstances where production of food for export became increasingly concentrated in a smaller number of economies. Also the full effect of trade expansion, including external economies and diseconomies in agriculture and structural adjustment in rural communities has to be considered.
41. The TFF suggested in its final report to SOM III in 1998 that possible joint actions for member economies included a need "to encourage continued efforts aimed at reducing import and export barriers to trade in food and to share work on the costs and benefits of trade liberalisation and to exchange information on agricultural production and any factors that can affect it, food consumption trade, stock levels, and related policies of member economies, as well as the effect of economic development on the agricultural sectors of APEC member economies". At SOM I in 1999, Senior Officials agreed that, through the IAP process, efforts would continue to be aimed at reducing import and export barriers to trade in food within the region and that the ATC EG would continue to exchange information on agricultural production and related policies²² so as to build a robust regional food system.

²¹ The World Food Summit Plan of Action says that food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life (paragraph 1). It also states that trade has a major bearing on access to food through its positive effect on economic growth, income and employment and that appropriate trade policies promote the objectives of sustainable growth and food security (Commitment Four, The Basis for Action, paragraph 37). Governments made a commitment to strive to ensure that food, agricultural trade and overall trade policies are conducive to fostering food security for all though a fair and market-oriented world trade system (Commitment Four, chapeau language).

²² 99/SOM1/004

42. Set out below is an assessment of the four key areas of ABAC's proposal for promotion of trade in food products.

a) Trade Facilitation Measures to Reduce the Cost of Trade in Food Products

43. In practical terms, trade facilitation measures lower the costs of trade through the introduction of clear, predictable and easily understood regulatory and procedural aspects of trading across borders. In the trade of food products, this type of work is largely addressed through the Osaka Action Agenda's collective action plans for standards and conformance and customs procedures.
44. The Osaka Action Agenda identified four collective actions in the area of standards and conformance, including alignment with international standards, mutual recognition of conformity assessment, cooperation on technical infrastructure development and transparency. Under APEC's Sub Committee on Standards and Conformance (SCSC), the objectives are for member economies to take collective action in accordance with matters covered in the WTO's Agreement on the Application of Sanitary and Phytosanitary Measures (SPS agreement) and Agreement on Technical Barriers to Trade (TBT agreement). In 1996 as part of its objectives on mutual recognition of conformity assessment, the SCSC concluded a Food Mutual Recognition Arrangement.
45. The Sub-committee on Customs Procedures (SCCP) is working to facilitate trade in the Asia-Pacific region by simplifying and harmonising customs procedures. Initiatives in this area will result in a speedier and more certain clearance of goods through customs and ultimately lead to lower costs to business as well as customs administrations. Various member economies are introducing trade facilitation measures.

b) Measures to Improve the Capacity of Member Economies to Trade in Food Products

46. This area of trade promotion is defined as measures that develop technical infrastructure, and enhance regional human capital or human resources, through providing access to education and skills development, to enable the facilitation of trade. The SCSC and SCCP are currently undertaking many actions in providing technical assistance to, and thereby improving the capacity of, member economies.
47. A full account of SCSC activities and collective action plan implementation is provided in the SCSC's *1998 Convenors Summary Report on Standards and Conformance*. For example, the SCSC has completed a survey of member economies labeling requirements, held a conference on standards and conformance and is developing new specific projects to assist developing economies in reinforcing technical infrastructure. The Partners for Progress project, one of SCSC's programmes, helps member economies to implement the Collective Action Plans by established target dates. In 1999 the SCSC will hold two workshops on the regulatory requirements of the food/drug interface and a seminar on risk analysis, as first steps towards a better integrated regional approach to food control systems.
48. A full account of SCCP activities and collective action plan implementation is provided in the SCCP's *1998 Convenors Summary Report on Customs Procedures*. For example, the SCCP has held training workshops for technical staff and functional managers on UN/EDIFACT and conducted a workshop on HS Convention. The SCCP work programme

- for 1999 also includes preparing a case for “Customs Integrity” to become a future Collective Action Plan.
49. In addition, the economic and technical cooperation (ECOTECH) components of APEC’s Early Voluntary Sectoral Liberalisation (EVSL) exercise are being developed for the food and oilseeds initiatives. The activities focus on ECOTECH priority themes of developing human capital, harnessing technologies of the future and environmentally sustainable growth. Many of these projects are carried out in conjunction with other APEC fora and or the private sector. Having stated that, work on the ECOTECH elements of the food and oilseeds initiatives, as part of the back six EVSL proposals, is far less developed than in the front nine EVSL proposals²³.
 50. The ATC EG has a project involving the marketing, processing and distribution of agricultural and food products. It looks into the technical processes for the harmonisation of agricultural standards, requirements and regulations. This will provide increased transparency affording greater opportunities for small and medium-sized enterprises²⁴. These activities aim to facilitate trade in member economies through the exchange of information and technical expertise. Currently planned are activities in the areas of post harvest technology, alternative methods of fumigation and standards harmonisation. The ATC EG has priority areas on Plant and Animal Quarantine and Pest Management. Under these areas, the ATC EG has held a workshop on plant pest risk assessment and is scheduled to make joint regional surveys of pests and diseases likely to cross common boundaries and to establish an information network system. At the ATC EG plenary meeting held in June 1999, research and development activities of the FEEEP were incorporated into the above two areas.
 51. The Fisheries Working Group contributes to the work of other international and regional fisheries organisations in the Pacific related to compliance issues and coordination based on member economy inspection systems, standards and other requirements aimed at improved seafood inspection regimes in APEC member economies. In 1997 the Fisheries Working Group conducted a number of workshops to improve seafood inspection regimes in the region. In 1998 the Fisheries Working Group published a “how to” manual to assist traders to airfreight fresh and live seafood to selected APEC markets²⁵.
 52. In terms of IAPs, the Australia New Zealand Food Authority (ANZFA) is independently undertaking a separate project to identify needs for assistance on food regulation issues. Japan has provided support to establish a comprehensive system for monitoring pesticide residue and pesticide formulation, and Japan has also provided technical support for the improvement of quality of processed fish products.
 53. The TFF also recognised the importance of trade facilitation, and has expressed a concern that recent investment trends in food-related research and development may not tap the full potential of existing technologies to improve food standards. The TFF suggested a joint action whereby member economies could intensify cooperation and information exchange on food standards issues. The TFF envisaged this would be facilitated by workshops on the preparation, adoption and review of technical regulations. SOM I in 1999 followed-up this joint action by recommending that the SCSC consider how the joint action relates to, and might add

²³ 99/SOM 1/031

²⁴ *1998 Report on Economic and Technical Cooperation to the Tenth Ministerial Meeting*, page 26

²⁵ *Asia-Pacific Economic Cooperation 1999*, APEC Secretariat, page 6.

value to, the existing Food Mutual Recognition Arrangement (MRA)²⁶. In this respect, APEC members should note that the Food MRA became operational in August 1997 and, to date, only six economies participate²⁷. The SCSC is investigating why the Food MRA has not attracted wider participation.

c) Progressive Elimination of Unnecessary Impediments to Trade in Food Products, ahead of the Bogor goals, including the progressive reduction of tariffs, identification and phasing out of WTO inconsistent non-tariff measures, and elimination of export subsidies.

54. In the area of tariffs, the Osaka Action Agenda states that the APEC economies will achieve free and open trade by progressively reducing tariffs²⁸. ABAC's AFS calls for the progressive reduction of tariffs ahead of the Bogor goals. Each APEC economy is already committed to take action through the IAP process in accordance with the Osaka Action Agenda's general principles. Member economies could accelerate the process ahead of the Bogor goals.
55. According to the IAPs, in the case of 15 economies for which data are available, member economies made significant progress to reduce tariffs on food. This progress has been mostly made through the implementation of the results of the Uruguay Round of multilateral trade negotiations. Despite this, several member economies consider that the food sector in a number of economies is further away from the APEC goal of free and open trade than most other sectors²⁹. Tariff peaks are also relatively more prevalent in the food sector.
56. In addition to individual member economies action within APEC, APEC economies have repeatedly stated their commitment to the multilateral process. For example, at Osaka in November 1995 Leaders reaffirmed their determination to see APEC take the lead in strengthening the open multilateral trading system, and at Kuala Lumpur in November 1998 Ministers pledged their support for WTO's work and reaffirmed their commitment to maintain the momentum of multilateral trade liberalisation. An important component of this commitment is the Accelerated Tariff Liberalisation (ATL) initiative which aims to broaden support for, and advance the pace of tariff reduction, in eight of the APEC's 15 EVSL sectors including fish and fish products. At Auckland in June 1999, Trade Ministers agreed that the tariff elements of the back six sectors, which include food and oilseeds, should be negotiated at the WTO during the course of the negotiations on agriculture already mandated in the WTO under the built-in-agenda. The forthcoming WTO negotiations on agriculture provide an important forum for APEC member economies to consider tariffs further in the context of Article 20 of the WTO's Agriculture Agreement and the recommendations made by ABAC in its APEC Food System proposal.
57. In the area of non-tariff measures, it is agreed that the APEC economies will achieve free and open trade in the Asia-Pacific region by progressively reducing non-tariff measures³⁰ and that this process will be conducted in accordance with the Osaka Action Agenda's general principles, including non-discrimination and flexibility. The WTO Agreement on Agriculture is an important vehicle for the removal of all WTO inconsistent non-tariff barriers on agriculture

²⁶ 99/SOM 1/004

²⁷ 99/SOM 1/027

²⁸ "Tariffs" here refers to import/export tariffs as well as tariff quotas.

²⁹ This is the case in six of the 15 IAPs examined.

³⁰ "Non-tariff measures" include quantitative import/export restrictions/prohibitions, import/export levies, minimum import prices, discretionary import/export licensing, voluntary export restraints and export subsidies.

trade, and provides for further negotiations to continue the reform process. In accordance with the Osaka Action Agenda, unjustifiable non-tariff export measures and export prohibitions and restrictions are to be abolished. APEC's Market Access Group (MAG), established in 1998 to handle work on tariff and non-tariff measures (NTMs), is making some progress and has worked out a mechanism for developing information on NTMs for greater transparency. The MAG has also commenced processes for economies to verify information on NTMs collated in IAPs and has reviewed its tariff database. The forthcoming WTO negotiations on agriculture provide an important forum for APEC member economies to consider non-tariff measures further in the context of Article 20 of the WTO's Agriculture Agreement and the recommendations made by ABAC in its APEC Food System proposal.

58. In addition, PECC is preparing an update of its 1995 *Survey of Impediments to Trade and Investment in the APEC Region*, including a substantial review of NTMs applying to food trade in APEC. At SOM I, PECC reported that this is an independent survey being carried out with support from ABAC. The final report would be published in time for the September APEC Ministerial Meeting³¹. The NTMs component of APEC's EVSL exercise is also being developed. Although, as with facilitation and ECOTECH, work on NTMs component of the food and oilseeds initiatives are less advanced than in the front nine sectors.
59. The Osaka Action Agenda has addressed the trade policy area on export subsidies, whereby member economies are to refrain from any new measures and to progressively reduce export subsidies with a view to abolishing them.
60. Of the twelve member economies that commented on the use of export subsidies in the NTMs section of their IAPs, only one indicated that it was currently using export subsidies on food products. Furthermore, of the seventeen APEC member economies that are WTO members, only six have export subsidy reduction commitments. Of these six only one economy has notified that it is using export subsidies subject to reduction commitments, and at levels generally well below its commitment levels. Two economies provide export subsidies exempt from the reduction commitment for developing countries. Nevertheless, when export subsidies are used they can be large and impact significantly on the trade interests of exporters of agricultural products. The threat of the use of export subsidies also has a negative impact on the market.
61. Collectively, APEC through MAG is to develop a reporting system on export subsidies so as to enhance transparency. This is a short-term aim, from which, MAG will consider what further collective actions are appropriate and possible, including long-term approaches to the progressive reduction of export subsidies by members, with a view to abolishing export subsidies. The forthcoming WTO negotiations on agriculture will provide an important forum for APEC member economies to secure broader support for their goals.

d) Cooperation in Assuring Non-discriminatory Access to Food Products

62. This area includes actions identified by the Osaka Action Agenda related to export NTMs, and specifically, those actions by members to abolish unjustifiable export prohibitions and restrictions and refrain them from taking any such new measures.
63. The format for IAPs requires member economies to comment on four types of NTMs that could apply to exports: voluntary export restraints, export levies, quantitative export

³¹ 99/SOM1/042

prohibitions/restrictions and discretionary export licensing. An analysis of 1998 IAPs shows that all 13 member economies that provided comment on voluntary export restraints indicated that they had no voluntary export restraints applying to food. Of the 15 members who provided comment on export taxes/levies, only one economy indicated that these exist on food related products. Fourteen member economies commented on the use of quantitative export/prohibitions and restrictions. Of these 15, only three indicated that such measures are in place on food exports. Finally, discretionary export licensing on food exists in seven member economies of the fourteen providing comments in their IAPs.

64. MAG is tasked with coordinating and undertaking necessary short-, medium- and long-term actions, which include the collation of and report of export prohibitions and restrictions and discussion of measures to enhance the transparency of unjustifiable export prohibitions and restrictions. It will also consider what collective APEC actions are appropriate and possible and develop approaches leading to the progressive reduction of unjustifiable export prohibitions and restrictions by members with a view to abolishing them. So far, progress has been limited. But the actions are established and member economies are encouraged to participate, individually and collectively, in the interests of promoting the efficient trade of food products. The forthcoming WTO negotiations on agriculture provide an important forum for APEC member economies to secure broad support for abolition of unjustifiable export prohibitions and restrictions.

(iii) Dissemination of Technical Advances in Food Production and Processing

Throughout the ABAC region significant advances are being made in bio-technology and technology-based methods of farm/crop management and food processing. These developments will become increasingly important to the food sector as a whole and to individual economies' food production capacity. However at present the benefits of food related technology are confined to a small number of economies where the innovations have arisen. This results in uneven benefits throughout the region.

ABAC calls for regional cooperation in the following areas:

- Promotion of food technology transfer in the region.
- Harmonisation of food-safety related regulations (as they apply to technology).
- Research, development and marketing of food related technology.
- Ensuring dissemination of new technologies in a manner consistent with market principles and intellectual property rights.
- Distribution of information on the most environmentally sound food production and processing techniques.

65. There are increasing concerns from member economies for increasing productivity, conservation of biodiversity, risk management, conversion into sustainable agricultural practices and the preservation of environments. In solving these issues relating to food production, the role of technology is vital. Therefore, technology in food and agriculture production should be developed through promoting research and development, and the results should be shared with APEC economies, including developing economies, through greater dissemination. The ATC EG was established as an experts group on agricultural technical cooperation, which would serve as a forum for member economies to enhance the capacity of agriculture and its related industries to contribute to regional economic growth and social well-being. The ATC EG's original work programme included activities in the following areas: conservation and utilisation of plant and animal genetic resources; research, development, extension of agricultural biotechnology; plant and animal quarantine and pest management; marketing, processing and

- distribution of agricultural and food products; cooperative development of an agricultural finance system; agricultural technology transfer and training; and sustainable agriculture.
66. A significant issue, arising from the TFF, is that recent investment trends in food-related research and development may not tap the full potential of existing technologies to ensure increased food supplies will meet projected demand in the APEC region. The TFF suggested possible joint actions such as: exchanging information between member economies on current policies and programmes relating to private and public sector research and development in relation to food and agriculture; and cooperating in identifying the most effective means of ensuring sustainable and adequate levels of private and public investment in food-related technological research and development. This could include promoting joint research projects between member economies, particularly between developing and developed economies, to establish a network about relevant research and development underway as well as information on research and development being carried out in other organisations.
 67. The ATC EG has been undertaking the above joint actions. In June 1999, new priority areas of the ATC EG were decided and the following areas are to incorporate research and development related actions. These priority areas include conservation and utilization of plant and animal genetic resources; research, development and extension of agriculture biotechnology; plant and animal quarantine and pest management; agricultural technology transfer and training, and sustainable agriculture and related environmental issues.
 68. The TFF suggested a possible joint action whereby member economies could share information and expertise aimed at fostering environmentally sound agricultural practices, including the exchange of information on best-practice guidelines for achieving their various environmental goals as they relate to the food sector. The ATC EG is also to undertake this joint action. The HRDWG is working on a related project, which seeks to promote awareness of the human resource management skills and knowledge required to implement cleaner production principles.
 69. As noted in paragraph 27, the ATC EG also has an important project underway on Agricultural Technology Transfer and Training (ATT&T) that seeks to strengthen existing regional agricultural technology transfer and training facilities and develop cooperative training programmes. This project will result in the improved efficiency and effectiveness of member economies in the area of the ATT&T and will benefit agribusinesses and individual farmers, that fall into the small and medium-sized enterprises category. The ATC EG has already held some workshops and established a network on agricultural biotechnology. In addition, various member economies are undertaking ECOTECH measures to promote food technology transfer. However, this is modest progress for such an important area of work and the ATC EG is encouraged to attach a higher priority to this activity.
 70. The collective actions of APEC's Intellectual Property Rights Experts Group (IPR) should also be noted. Of particular importance is the deepening of the dialogue on IPR, including: the surveying and exchanging of information on the current status of IPR protection and administrative systems; the studying of measures for the effective enforcement of IPR; and fully implementing the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) no later than 2000 and facilitating technical cooperation to that end. This project was significantly advanced in 1998. In terms of Individual Actions, Australia held a two-day workshop on intellectual property in 1998 and organised a workshop on the practicalities of patenting and licensing biotechnology for researchers.

71. Postharvest loss of fruit, vegetables and grain is recognised as a major problem particularly for less developed APEC member economies.³² In 1999, the ATC EG applied for APEC funding for an “APEC Institutional Linkage for Human Resources Development in Post Harvest Technology” project. The objectives of the project are to enhance, develop and improve member economies’ human resource capability in the design and implementation of solutions to postharvest loss. A website³³ has been established to provide a comprehensive listing of all postharvest-related products and services worldwide. The Industrial Science and Technology Working Group will conduct a feasibility study for developing a postharvest network in the APEC region aimed at reducing grain, fruit and vegetable production losses and increasing trade through use of appropriate technologies³⁴.
72. In terms of building an AFS, APEC needs to concentrate on the aspects of cooperative action that can result in benefits throughout the region. In particular, ABAC’s view is that confining food related technologies to a small number of economies would result in uneven benefits throughout the region. As such APEC should maintain and strengthen its interest and cooperation in facilitating greater investment as well as technology dissemination and appropriate regulation in all areas of food-related technologies, including bio-safety and risk management.
73. In addition to other forms of bio-technology, genetic modification also holds promise for improving food sector productivity, product quality, food safety and minimising the harmful effects of food production on the environment. Gene technology in the food sector is poised for significant development and commercial application in the near future, and the production of genetically modified food is likely to become an important food production technology. However, producing and labeling genetically modified foods is a relatively new area. As such there is significant international debate on analysing its risks and benefits. Given the debate and uncertainties surrounding this form of bio-technology, maintaining an awareness of genetically modified foods is important. The region should participate in this technology if it is to remain competitive and benefit from the potential efficiencies and environmental advantages which may emerge.

CONCLUSION

74. The ad hoc task force has recognised that achieving the objectives of ABAC’s APEC Food System proposal is an essential part of achieving sustainable growth, equitable development and national stability in the APEC region and of reaching the specific goals and objectives agreed at Bogor. ABAC proposes an APEC Food System that efficiently links together food production, food processors and consumers. A system which harnesses the resources of the region wherever they are located, in order to meet the food requirements of its people and maximises the contribution of the food sector to the welfare and prosperity of all economies, whether food exporting or food importing, developing or developed. Such an APEC Food System should benefit all member economies’ people, through harnessing the resources of the region to more securely meet consumers’ food needs. Some economies emphasised the importance they attach to the multifunctional role of agriculture. The challenge for APEC member economies is to embrace and adopt the ABAC cooperative actions in line with the Osaka Action Agenda, taking into account implementation of the TFF joint actions, in order to

³² 99/ATC3/027

³³ <http://cap.uwaterloo.ca:80/postharvest/>

³⁴ 99/MRT/002/Annex H

make the progress being called for by ABAC. This suggests that APEC member economies and APEC fora need to take a comprehensive, coordinated and flexible approach to infrastructure development, promotion of trade in food products and dissemination of the technological advances in food production and processing.

75. APEC is active in encouraging and enabling its many fora to undertake work in the cooperative areas proposed in ABAC's APEC Food System and TFF joint actions. However, more could be done to communicate the benefits of that work to raise awareness within the region, so as to promote the available opportunities for strengthening the foundations for growth, which will create a prosperous Asia-Pacific community. Overall, it is recommended that APEC continue to give focus to a work programme that encourages transparency, in policy settings and food regulatory frameworks; openness, in making information on food trade and investment available; and governance, in facilitating the adoption of international food standards and aligning conformity assessment procedures.
76. Rural areas play an important role in the socio-economy through activities of agriculture and other related industries. Improved infrastructure for agriculture, food industries and rural populations is essential for the maintenance and vitalization of rural areas. Activities for action have been highlighted which are both specific and complementary to rural infrastructure development. Work on physical infrastructure is being actively pursued, principally through progressing the Vancouver Framework's capacity and information and investment actions. However, in terms of improving the availability of rural education as proposed by ABAC, further work needs to be done. One approach could be to actively involve non-profit, non-government organisations in this area.
77. APEC should continue to give high priority to mutual recognition and alignment to international food standards. Greater emphasis should also be given to collective actions by member economies in the interests of promoting the efficient trade of food products. In addition, member economies should provide greater specificity in their IAPs regarding the liberalisation and facilitation of trade in food products in the APEC region so as to meet the long-term Bogor goals. The requirement incumbent on APEC is to take a balanced approach to action in trade and investment facilitation and liberalisation and economic and technical cooperation, in line with the Osaka Action Agenda.
78. In terms of trade promotion, it is agreed in the Osaka Action Agenda that APEC economies will achieve free and open trade by progressively reducing tariffs³⁵, and this process will be conducted in accordance with general principles, including non-discrimination and flexibility. In the area of non-tariff measures, it is agreed that APEC economies will achieve free and open trade in the Asia-Pacific region by progressively reducing non-tariff measures³⁶, including progressively reducing export subsidies with a view to abolishing them, and abolishing unjustifiable export prohibitions and restrictions and endeavoring to refrain from taking any such new measures. APEC would also note that full implementation of Uruguay Round commitment is important.
79. The task force agreed that efforts would continue to be aimed at reducing import and export barriers to trade in food in the region, in accordance with the Osaka Action Agenda including flexibility. Barriers include import and export tariffs, tariff peaks, export subsidies, and export

³⁵ Tariffs here refer to import / export tariffs as well as tariff quotas.

³⁶ Non-tariff measures include quantitative import / export restriction / prohibitions, import / export levies, minimum import prices, discretionary import / export licensing, voluntary export restrains and export subsidies.

prohibitions and restrictions. In addition to activities within APEC as reflected in the IAPs, to meet the Bogor goals in accordance with the Osaka Action Agenda, the forthcoming WTO negotiations provide an important forum for APEC economies to consider tariff and non-tariff measures further in the context of Article 20 of the WTO Agriculture Agreement and the recommendations made by ABAC in its APEC Food System proposal. The WTO negotiations provide an important forum for broadening support for APEC's goals of abolishing agriculture export subsidies and unjustifiable export prohibitions and restrictions.

80. In Kuala Lumpur, Leaders instructed APEC fora to undertake joint actions proposed by the TFF. To this end, the ATC EG will be implementing many activities such as those pertaining to environmental issues and research and development and exchanging information on agricultural production and rural issues. As a central forum for agricultural technical cooperation it is important for the ATC EG to continue to fulfil its role for strengthening such cooperation.
81. ABAC's call for cooperation in the dissemination of technical advances in food production and processing is integral to Leaders' resolve towards creating a prosperous Asia-Pacific community. The means to ensure action occurs within this area falls largely to the ATC EG and the Fisheries Working Group. As such they need to consider developing cooperative actions to progress work on technical advances that ABAC and the TFF have identified.

RECOMMENDATIONS

82. The *ad hoc* task force has examined with great interest the ABAC APEC Food System proposal. The call for parallel action in the three areas of cooperation (that is, rural infrastructure development, dissemination of technological advances in food products and processing, and promotion of trade in food products) is considered a useful conceptual approach in moving ahead on the complexities of the agriculture and food sector and its associated sensitivities. The task force notes that some economies emphasised the importance they attach to the multifunctional role of agriculture, others noted the importance of non trade-distorting measures in addressing such an objective. This task force considers that building a robust APEC Food System is an essential component to achieving APEC's goals and objectives set at Bogor and Osaka. The task force notes that APEC is already pursuing, in various fora, a significant amount of work in the three areas of cooperation. Nevertheless, there is additional work that APEC could undertake in respect of food, consistent with APEC's goals, objectives and principles, to ensure that APEC responds effectively to the AFS proposal. In this respect, the task force recommends that:

- (i) SOM recommends to Ministers that they note that achieving the objectives of ABAC APEC Food System proposal is an essential part of achieving sustainable growth, equitable development and national stability in the APEC region and of reaching the specific goals and objectives agreed at Bogor in line with the Osaka Action Agenda;
- (ii) the Human Resources Development Working Group places high priority on addressing the issue of rural education, and member economies undertake cooperative measures with non-government, non-profit organisations to improve the availability of rural education;
- (iii) the Infrastructure Workshop's joint initiatives in infrastructure development be actively encouraged by, and the benefits of these initiatives communicated to, member economies;
- (iv) the APEC's Investment Experts Group, in conjunction with the World Bank, Inter-American Development Bank, Asian Development Bank and the Food and the Agriculture Organisation of the United Nations and other bodies as appropriate, investigates new and innovative ways to attract the investment necessary to build facilities and rehabilitate existing rural infrastructure;
- (v) the Small and Medium Enterprises Policy Level Group could undertake and intensify work on the three areas of cooperation identified by ABAC's APEC Food System proposal;
- (vi) relevant APEC fora, including the Committee on Trade and Investment, Economic and Technical Sub-Committee and the ATC EG continue to undertake and intensify their work on trade facilitation, economic and technical cooperation and capacity building on food-related issues including:
 - (a) provision of clear, predictable and easily understood food regulatory frameworks and standards;

- (b) according priority to those projects that assist with the facilitation and growth of regional trade in food products and improve the technical infrastructure for developing economies;
 - (c) provision of progress reports to SOM on endorsement of existing initiatives, such as the Food Mutual Recognition Arrangement;
 - (d) furthering cooperation in research and development and dissemination of food related technology;
 - (e) building partnerships between the public and private sectors in food technical cooperation to further technology transfer, training facilities and training programmes;
 - (f) fostering environmentally sound agricultural practices; and
 - (g) maintaining an awareness of and contributing to international developments in research and policies related to genetically modified foods, and intensifying science-based approaches to the introduction and use of biotechnology products;
- (vii) APEC member economies continue to ensure full and faithful implementation of the commitments on food arising from the Uruguay Round of multilateral trade negotiations;
- (viii) APEC member economies, in line with the Osaka Action Agenda and noting ABAC's call for the elimination of unnecessary impediments to trade in food products ahead of the Bogor goals:
- (a) provide greater specificity in their Individual Action Plans on how they are going to meet the long-term Bogor goals in the food sector;
 - (b) actively and constructively participate in the forthcoming WTO negotiations on agriculture to consider tariffs and non-tariff measures further in the context of Article 20 of the WTO's Agreement on Agriculture;
 - (c) in the forthcoming negotiations on agriculture, convey to the WTO membership APEC's support for the abolition of agricultural export subsidies and unjustifiable export prohibitions and restrictions;
- (ix) SOM, through relevant fora, provides annual reports to Ministers on what progress is being made by APEC member economies towards building a robust APEC Food System.

FRAMEWORK FOR THE INTEGRATION OF WOMEN IN APEC

A. INTRODUCTION

What is the Framework for the Integration of Women in APEC?

The *Framework* responds to APEC Leaders' recognition that gender is a cross-cutting theme in APEC. It is a practical and systematic approach to guide APEC in the achievement of the integration of women in the mainstream of APEC processes and activities. The *Framework* is comprised of three inter-related elements, and an Implementation Strategy, which together were identified by the 1998 APEC Ministerial Meeting on Women as essential to reinforce the important role of women in economic development. The inter-related elements are:

- **Gender Analysis** – a methodology for examining the differences in women's and men's lives;
- **Collection and Use of Sex-disaggregated Data** – data classified by sex and presented separately for women and men;
- **Involvement of Women in APEC** – the increased participation of women in APEC fora.

In addition, practical Guides for gender analysis, the collection and use of sex-disaggregated data and the involvement of women in APEC have been developed as tools to complement the *Framework* and assist APEC with its implementation. These are available in print and on the APEC Secretariat website (<http://www.apecsec.org.sg>).

What is the mandate for the Framework?

The *Framework* follows up on the recommendation of the 1998 Ministerial Meeting on Women and subsequent APEC Leaders' directive to “*develop a Framework for the Integration of Women in APEC*” as a means of accelerating the progress of integrating women in the mainstream of APEC processes and activities. The *Framework* has been prepared by the SOM *Ad Hoc* Task Force on the Integration of Women in APEC, established for this purpose. The Joint Ministerial Statement of the 1998 APEC Ministerial Meeting on Women is Appendix 1.

What is the basis for the recommendations from the Ministerial Meeting On Women?

Ministerial recommendations are based on a series of principles contained throughout their Joint Ministerial Statement:

- Gender is a cross cutting theme in APEC;
- APEC activities related to trade and investment liberalization and facilitation (TILF) and economic and technical cooperation (ECOTECH) are closely inter-linked and have major implications for women;
- Women are critical to the achievement of sustainable economic development in the region; and, women's unpaid work constitutes a major contribution to the economy;

- Close linkages exist between the issues and activities of other APEC fora and the issues affecting women in micro, small and medium enterprises, science and technology, human resources development, finance, fisheries, tourism, transportation, telecommunications, and other sectors;
- The specific realities faced by women must be recognized, understood and systematically taken into account in the formulation and implementation of policies, programs (including economic recovery projects), and projects;
- Efforts should be directed to empower and increase the capacity building of women to respond to economic opportunities and challenges, and to eliminate barriers to women's full participation in the economy;
- Greater emphasis should be placed on the engagement of broader sectors of society.

What is meant by “gender”?

Gender refers to the socially determined differences between women and men such as roles, attitudes, behaviors and values, as opposed to *sex* that identifies the biological differences between women and men. Whilst sex is genetically determined, gender roles are learned, vary across cultures and over time, and are thus amenable to change. Gender is a relational term, which includes both women and men.

What is meant by “gender mainstreaming”?

In the APEC context, the *mainstream* refers to the set of dominant ideas, policies, practices, institutions, and organizations in society which determine the allocation of resources and opportunities.

Gender mainstreaming means women and men having equitable access to, and benefit from society's resources, opportunities and rewards, and equal participation in influencing what is valued and in shaping directions and decisions. Therefore, within APEC, gender mainstreaming would incorporate gender perspectives into the goals, structures, priorities, policies, decisions, processes, practices, activities (including projects), and resource allocation as well as participation at all levels.

In addition, special measures or women-specific projects may also be necessary to address gender inequalities and achieve APEC's goals for women and men in the region.

What is the potential impact of the Framework?

Over time, the *Framework* could have far-reaching positive impacts on the social and economic well-being of the region. Its implementation would contribute to the increased effectiveness of APEC policies and activities in the achievement of its vision and goals, for example:

- The identification and elimination of barriers to women's full participation in the economy and the disproportionate impacts of the financial and economic crisis on women, as identified by the 1998 APEC Ministerial Meeting on Women.
- The creation of a leading-edge workforce that fully utilizes the talents of the entire population, male and female;
- The increased capacity of women to respond to economic opportunities offered by trade and investment liberalisation and facilitation, and by economic and technical cooperation;

- The explicit integration of the economic interests of women into strategies for economic recovery and future prosperity;
- Broader understanding and support for APEC, through the increased participation of women.

To whom does it apply?

The implementation of the *Framework* is the responsibility of all APEC fora and of all women and men involved in APEC processes, policies, projects and activities including Leaders, Ministers, Senior Officials, Chairs, Lead Shepherds and the APEC Secretariat.

The *Framework* may also be applied at the individual economy level.

B. ELEMENTS OF THE FRAMEWORK

1. Gender analysis

What is gender analysis?

Gender analysis is an important component of the APEC approach to the integration of women in the mainstream of APEC activities and processes. It is a methodology to:

- Identify and understand the differences in the lives of women and men, and the diversity among women themselves, i.e. in their varied circumstances, responsibilities, social relationships and status within existing economic, social, cultural, environmental, institutional and political structures in any community, or economy.
- Assess how policies, programs or projects may impact differently on women and men, girls and boys;
- Compare how and why women and men are affected differently through the collection and utilization of sex-disaggregated data, both qualitative and quantitative;
- Integrate gender considerations throughout the planning, design, implementation and evaluation processes.

What is the added value of gender analysis?

- More comprehensive knowledge and awareness of the different realities of the lives of women and men.
- Informed decision-making leading to the achievement of the goals of APEC and gender equality.
- Increased effectiveness and improved design, implementation, monitoring, evaluation and communication of policies and projects.
- Recognition that different strategies and measures may be necessary to achieve intended results and equitable outcomes for women and men.
- More effective APEC processes and mechanisms for coordinating, implementing and monitoring the *Framework for the Integration of Women in APEC*.

How do you implement gender analysis?

Gender analysis may be applied at the policy or project level. In both cases, the outcomes of the policies or projects can strengthen equal economic opportunities for and participation of both women and men in future growth and prosperity of APEC economies, as well as change gender relations. To assist in the implementation of gender analysis, an *APEC Guide for Gender Analysis* is available.

2. Collection and Use of Sex-Disaggregated Data***What is Sex-Disaggregated Data?***

Sex-disaggregated data means any data that is cross-classified by sex, presenting information separately for women and men, girls and boys. Sex disaggregated data is collected on the basis of concepts and methods that take into account women's and men's roles, realities, conditions and situations in all spheres and aspects of society, such as literacy, education levels, business ownership, employment, wage differences, dependants, home and land ownership, loans and credit, debts.

Why Collect Sex-Disaggregated Data?

The lack of sex-disaggregated data hides the actual, as well as the potential contributions of half the population to our economies and may hinder effective policy development. We recommend that APEC identify the gaps in data collection methodologies and processes and take steps to address these gaps in the most cost-effective way. Each member economy is encouraged to build its own sex-disaggregated database in a format comparable to internationally recognised standards, where available."

(APEC Ministerial Meeting on Women, Manila, 1998)

Sex disaggregated data is an essential input into gender analysis and the understanding of the different economic contributions, circumstances and realities of women and men. Sex-disaggregated data can provide information about how much women contribute to all aspects of society and economic activity in both their paid and unpaid capacities. Using sex-disaggregated data can help APEC fora to decide on and carry out activities that are effective, equitable and beneficial for women and men, as well as their economies, and so gain the most benefit from their work.

Sex-disaggregated data can be used to:

- identify the different situation of women and men, including changes over time;
- consider the impact APEC activities will have on both women and men, and track the impact they do have;
- identify and define problems, develop options and choose the option which will be most effective and beneficial for both women and men;
- more fully understand the impact of events such as the regional economic crisis on women, and hence assist in formulating activities in response to the events;
- allocate resources and effort in a more equitable fashion;
- evaluate and monitor results and outcomes by sex; and
- show progress or lack thereof of women using indicators and regular data publications.

More equitable results are likely when gender analysis using sex-disaggregated data is carried out. Economies, businesses and people all benefit when the range of women's and men's current and potential input to economic progress is known and used in economic decision making.

How can the collection and use of sex-disaggregated data for APEC Fora be improved?

Member economies and some APEC fora are currently collecting and using some sex-disaggregated data in a range of areas. In addition to the statistics and information collected by individual economies there are many possible sources of data such as international agencies, research or study centres, businesses and non-government agencies.

International initiatives, such as those led by the United Nations and the World Bank are already in place to assist economies to improve their collection of sex specific data standards and best practices for data collection are well document. The *APEC Guide on Collection and Use of Sex-Disaggregated Data* gives information on resources available to assist economies as well as provides sources and examples of sex-disaggregated data that may be useful to support the APEC priorities.

Some work on the collection and use of sex-disaggregated data is already underway in priority areas through a number of APEC fora.

Increasing the collection and use of sex-disaggregated data in other areas could enhance APEC's opportunities to promote economic development. APEC fora can use data in many different forms to analyse situations for women and men. Qualitative data or research studies as well as quantitative statistics can provide useful insights for APEC fora. It would be appropriate for APEC fora to individually and collectively consider what data should be collected as they are developing and reviewing specific projects and policies. Extending disaggregated data to include other factors such as ethnicity and age could further add to APEC's information base. One example of data that could be collected by APEC is the participation rates of men and women in APEC fora and APEC leadership roles. Further examples are provided in the *APEC Guide on the Collection and Use of Sex-Disaggregated Data*.

3. The Involvement of Women in APEC

Why involve women in APEC?

The 1998 APEC Ministerial Meeting on Women recommended the promotion and encouragement of the involvement of women in all APEC fora. Special mention was made of women's involvement in decision-making.

Data on the participation of women and men in APEC fora are incomplete and difficult to access. Most participant lists, for instance, are not sex-disaggregated. However, attendance lists of a number of APEC meetings and activities suggest that women constitute only about a quarter of the participants¹. This is roughly the same magnitude reported by a "stocktaking" of Human Resource Development Working Group (HRDWG) projects and activities.

¹ In July 1999, the Philippines with funding support from Canada, conducted a study of the involvement of women in APEC. Two data sets were analysed: lists of APEC meeting participants and the list of APEC fora chairs and convenors; and responses to an informal survey on women's participation in APEC fora. The tabulated data is available electronically at the APEC Secretariat website (<http://www.apecsec.org.sg>).

In 1998 and 1999, among committee chairs, Lead Shepherds, convenors, and other leaders, the participation rate of women varied between 17-28 percent. These figures provide an approximate reference point for monitoring participation of women in APEC.

How can women be more involved in APEC?

Involvement of women refers to the *participation* of women in APEC fora, activities and projects. Women can participate as decision-makers, Leaders, heads of committees, working groups, or other APEC bodies that formulate and implement policies and programs; as leaders or key members of research teams and conference delegations; and as partners or experts, who are consulted by APEC and member-economies either in individual capacities or as organisations [such as the APEC Business Advisory Council (ABAC) and the Women Leaders' Network (WLN)].

Women's participation in APEC fora could be improved as follows (see *APEC Guide on the Involvement of Women*):

- Encouraging economies and all APEC fora to increase women's presence and participation in activities and projects, especially as decision-makers; and to include more women in their delegations to meetings and other fora, particularly to high level meetings such as Senior Officials, Ministers and Leaders.
- Through analysis of the current involvement of women in APEC and by addressing factors that may constrain women's participation.
- Through the promotion of an environment within APEC and its member-economies that will be conducive to greater women's participation by the implementation of the *Framework*.

C. IMPLEMENTATION AND ACCOUNTABILITY

The 1998 Ministerial Meeting on Women made a series of recommendations to accelerate the integration of women in APEC and to "*ensure the implementation of these recommendations and accountability for results*". The implementation strategy also responds to the APEC Leaders' directive to "determine next steps to integrate women into the mainstream of APEC activities" (APEC Leaders, Vancouver, 1997).

The implementation strategy sets out the essential actions to integrate women into APEC and will assist APEC achieve its goals of continuous and sustainable economic development and further prosperity for women and men in the region. The implementation strategy recognises that change will occur incrementally and over time, and builds on existing APEC processes and mechanisms. The strategy is flexible in that it allows each APEC forum to chart its most effective implementation path including the allocation of resources.

The successful implementation of the *Framework* requires a critical transition period for capacity building in gender analysis, developing awareness of the *Framework*, acquiring knowledge of good examples of gender-integrated policies and projects, and for APEC to gain experience with gender integration. Implementation also requires commitment at all levels of the organisation, APEC-wide management and monitoring of progress, and gender expertise to assist in the process. The strategy therefore anticipates a two-year transition period, subject to yearly progress reviews.

IMPLEMENTATION STRATEGY

There is a shared responsibility at all levels of and throughout APEC for the implementation of the *Framework for the Integration of Women in APEC*. Because of its cross-cutting nature, and mandate for coordination and monitoring, the Senior Officials Meeting (SOM), has a major responsibility for ensuring the implementation of the *Framework*.

A. *To maximise the effectiveness of APEC policies and activities and enhance the role and contribution of women in economic development, it is recommended that:*

All APEC fora:

- Examine the role and contribution of women, identify barriers to their contribution and take appropriate measures to eliminate these barriers consistent with this *Framework* (for example, building on the analysis undertaken in preparation for the 1998 Ministerial Meeting on Women in the areas of small and medium enterprises, science and technology, and human resource development).
- Encourage the increased involvement and participation of women in projects and activities, especially in decision-making.
- Collect and utilise, as appropriate, sex-disaggregated data in their respective subject areas as well as on the participation of women in meetings, projects and other activities.
- Incorporate the principles and methodology of gender analysis as an on-going part of work plans; and in activities such as project design, implementation, evaluation, and reports, including recommendations, as appropriate.
- Document and share good practices of policies, programs and projects that demonstrate effective gender integration in APEC, and at economy level.

B. *To coordinate, facilitate and monitor progress in the implementation of the Framework, it is recommended that:*

All APEC fora:

- Promote and implement the Framework for the Integration of Women.
- Ensure capacity building through the provision of information sessions on gender analysis (e.g. as initiated by the Human Resources Development Working Group in 1999) and on the application of the *Framework*.

Senior Officials Meeting (SOM):

- Provide direction to all fora to ensure that gender integration is part of their work thereby enhancing the effectiveness of policy decisions .
- Ensure that gender is incorporated as part of the criteria for the development of project proposals and for project approval, as appropriate.
- Take steps to inform Ministers and Leaders of the implications of recommendations and decisions on women and men.

- Encourage research and further studies on matters of priority such as the impact of the financial and economic crisis on women, the gender implications of recovery measures, and on the contribution of women to economic growth and future prosperity in light of the recommendations of the 1998 Ministerial Meeting on Women.
- Monitor and ensure the implementation of the *Framework* across APEC; and strengthen the institutional capacity for the implementation of the *Framework*, including through the formation of a SOM *Ad Hoc* Advisory Group on Gender Integration. The role of the Ad Hoc Advisory Group would be to provide gender advice and expertise to SOM, and other APEC fora on the implementation of the *Framework*. The Group would complement the responsibility and accountability of individual APEC fora for the implementation of the *Framework*. The critical transition tasks would be to:
 - develop and recommend gender criteria for use, as appropriate, in project proposals, approval and evaluation;
 - develop and recommend formats and processes for annual monitoring by SOM of the progress achieved in the implementation of the *Framework*, and analyse results;
 - assist in the development of information sessions to various APEC fora on the *Framework* and gender analysis;
 - oversee the compilation of best practices on gender integration in APEC fora and economies, which would link the work of various fora and provide a practical source of ideas on gender analysis and mainstreaming; and
 - provide recommendations on the next steps in gender integration and the further implementation of the *Framework*

The SOM *Ad Hoc* Advisory Group on Gender Integration would:

- have members with gender expertise;
- be open to all economies and representatives from other APEC fora;
- operate electronically to the maximum extent possible; and
- designate lead economies on a yearly basis.

The mandate of the *Ad Hoc* Advisory Group would be for a period of two years, subject to review at the end of that period.

APEC Secretariat:

- Disseminate the *Framework for the Integration of Women in APEC*, in both print and electronic formats.
- Coordinate the annual process for Working Groups and other fora to report to SOM, Ministers and Leaders, and prepare the report on progress made in the implementation of the *Framework*, including the collection of data on the participation of women, for subsequent analysis by the SOM *Ad Hoc* Advisory Group on Gender Integration.
- Expand the APEC website:
 - include a separate section on gender that encompasses all the gender-related activities within APEC including publication of good practices in integration;
 - establish links to other sites as additional sources of information on gender terminology and definitions, gender analysis, gender mainstreaming, gender-responsive indicators and sex-disaggregated data, such as the Women Leaders Network (WLN), the World Bank, Asian Development Bank and others.

APPENDIX 1

APEC Ministerial Meeting on Women October 15-16, 1998, Makati, Philippines Joint Ministerial Statement

Preamble

1. We, the 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; the Republic of the Philippines; Singapore; Chinese Taipei; Thailand; and the United States of America; members designate from Peru, Russia, and Viet Nam; representatives of the APEC Secretariat; observers from the Pacific Economic Cooperation Council, South Pacific Forum, and ASEAN Secretariat responsible for women's concerns related to economics and trade of the Asia-Pacific Economic Cooperation (APEC) region met in Manila on 15-16 October 1998, to give practical effect to the commitments made by Leaders in 1996, to "put special emphasis on the full participation of women and youth" (Paragraph 18), and, in 1997, when Leaders directed APEC to "take specific steps to reinforce the important role of women in economic development" and hold a Ministerial Meeting on Women "to take stock of the progress to date in involving women in APEC's agenda and to determine next steps to integrate women into the mainstream of APEC activities" (Paragraph 20).

2. The theme of our meeting was "Women in Economic Development and Cooperation in APEC", with the sub-themes: "Women and Small and Medium Enterprises"; "Women and Industrial Science and Technology" and, "Women and Human Resources Development". Throughout our deliberations, we were cognisant of the role that women play in the achievement of the objectives of the Bogor Declaration, the Osaka Action Agenda and the Manila Action Plan. We noted the cross-cutting nature of the issues and the linkages that exist between the sub-themes.

3. In view of the economic and financial crisis in our region, we are concerned with its differential impacts on women and men. While the full social and economic consequences of the crisis have yet to be fully understood, we believe that a disproportionate share of the burden falls on female youth and women, particularly where there have been decreases of expenditures on education, training, health care and social services as well as supply shortages of basic needs such as food and medicines, and a general reduction in employment. We stress that women have a crucial role in the successful planning, design and implementation of economic recovery programs, not only as beneficiaries but also as decision-makers. Additional investments in training, retraining and upskilling women workers can aid in the recovery process.

4. Recognising that progress has been made on the advancement of women and the rapid pace of development in the APEC region, we emphasise the importance of preparing women to fully utilise their potential in order to meet the challenges to the region. We also wish to ensure that all APEC decision making levels take into account the concerns and perspectives of women in APEC in the different fora.

5. We commend APEC for the initiatives already taken to promote the full participation of women in its processes and activities. Throughout our discussions, we built upon the commitments made by Ministers of Finance, Human Resources Development, Small and Medium Enterprises, Science and Technology, Transportation, and, Environment and Sustainable Development, as well as the activities undertaken by APEC Committees and Working Groups. We also commend Officials for their work as they prepared for this APEC Ministerial Meeting on Women and the experts who prepared the technical papers that provided the basis for a constructive dialogue and led to the formulation of recommendations to APEC Leaders. We believe that the papers contain

valuable information and analysis and could serve as useful references in APEC for follow-up work to this Ministerial Meeting.

6. We took note with appreciation of the contribution made by the Women Leaders' Network (WLN) from APEC economies, since 1996, on issues pertaining to women and APEC.

Women in Economic Development and Cooperation in APEC

7. Women are critical to the achievement of sustainable economic development in our region. At this time of economic and financial crisis, it is especially important that women continue to contribute to global growth and recovery. Women now constitute between 32 and 46 percent of the labour force in individual economies. Globally, the increase in women's overall share of the labour force has been particularly marked in export-oriented sectors, where women comprise as much as three-quarters of the workforce. Although women are known to be particularly active in the informal sector, their participation and contribution to the economy through this sector is undoubtedly greater than current estimates. Furthermore, women's unpaid work constitutes a major contribution to the economy.

8. In terms of the impact of women on trade and investment, women's participation in these areas as workers, entrepreneurs, and investors contributes to the achievement of sustained economic growth. However, as a result of gender biases in institutions, women workers and women in business are often less able to take advantage of the economic opportunities that may be created by trade and investment liberalisation. With appropriate policies and programs in place, women's increasing labour force participation and the growth of women's businesses will significantly contribute to the capacity of APEC economies to engage in and benefit from global trade. Regarding the impact of trade on women, increased labour force participation has created in some cases, incentives for investments by public and private sectors in education and training for girls and women. These gains, however, must be balanced against the negative effects of poorly paid jobs, and poor and hazardous working conditions as well as their consequent strain on domestic economies' health and social expenditures.

9. As a result of our deliberations, we conclude that the specific realities faced by women must be recognised, understood and systematically taken into account in the formulation and implementation of policies, programs (including economic recovery programs), and projects. We urge APEC to address the paucity of data and research on the roles and contributions of women. Where trade and investment liberalisation and globalisation may create different effects and opportunities for women and men, we believe that gender impact analysis will lead to an improved understanding of their relative merits, and thus, should be undertaken across all APEC sectors. We acknowledge that analysis of data is being undertaken in various APEC sectors. In this respect, we support further efforts to identify gaps in such data collection and where necessary, suggest improvements.

10. In the context of the current economic and financial crisis affecting many economies in the region, we conclude that greater effort is needed to enhance the contribution of women to their economies and to explicitly integrate women's participation and concerns in economic recovery programs. Measures are also needed to minimise the disproportionate burden of the crisis on women.

11. We are pleased that several of the APEC Working Groups have begun to address gender issues as part of their activities. However, we note that the efforts vary in emphasis and scope from one Working Group to another, and believe that APEC would be greatly strengthened by a more concerted and coordinated approach to integrate women and gender into all its processes and activities, and engagement of broader sectors of society. We support the view expressed by Ministers at the 1996 Conference on Regional Science and Technology Cooperation, recognising gender as a "cross-cutting concern with implications in other APEC fora".

12. We recognise that APEC activities related to trade and investment liberalisation and facilitation (TILF) and economic and technical cooperation (ECOTECH) are closely inter-linked in areas such as education and training, labour force participation (in the formal and informal sectors), access to information and technology, and business and credit. We also recognise that these agendas have major implications for women.

Women and Small and Medium Enterprises (SMEs)

13. It is well recognised that SMEs have been leading contributors to economic growth in most economies. The growth of micro, small and medium enterprises owned or operated by women has been a worldwide phenomenon over the past years. While in most economies, data on the full extent of women's participation in SMEs is not available, their contribution across APEC member economies is much larger than commonly perceived and continues to grow rapidly. In industrialised economies, over one-third of new businesses are set up by women and in some cases, women's businesses are creating employment faster than the domestic average. However, women-owned SMEs face gender-specific barriers that limit their capacity to maximise their contribution to the economic growth and social development of APEC economies.

14. In many APEC economies, women business-owners experience serious difficulty in accessing financial resources, including start-up or venture capital. Examples persist of gender bias in the legal structures and financial institutions of our economies which limit women's choices to enter into and develop successful businesses. Financial institutions need to remove gender-stereotype prejudices affecting business women and become gender sensitive in lending decisions. Institutional and structural changes in terms of policy reforms and legal framework need to be pursued to provide women equal access to financial resources. Access to financial packages and services targeted towards the large and growing sector of women-operated SMEs has to be available. Access to markets including tourism, information and technology, particularly media and communication technologies, are important factors in determining the success of businesses. On-line marketing and information services for women have to be established to enable them to search for niche markets and do business. The participation of women in domestic and global trade fairs/missions has to be encouraged to build networks for their businesses. Networking to link women entrepreneurs in the formal sector with those in the informal sector is important for business linkages, technology transfer and management upgrading via fostering sister relationship programs. There needs to be a focus on improving the management capacity and capability of women-owned SMEs. Women's training has to address the urgent need for specialised skills training and acquisition of education to meet the labour requirements of globalisation. Given women's multiple burdens, assistance needs to be provided to women in SMEs to cope with multiple roles by facilitating family-friendly employment and providing basic support, such as parental leave.

15. We find that as a result of the lack of sex-disaggregated data on women's contributions to SMEs and to the economy, economies may be missing opportunities to enhance and promote the development of SMEs and economic growth. We note with concern that out of fifteen APEC SME projects since 1994, only two were gender-specific. We encourage APEC to build on the commitment made by APEC Ministers at their Meeting on SMEs in 1997, where they "agreed to promote gender sensitive policies and measures related to the development of SMEs to empower women in technical, managerial, and entrepreneurial fields," and to take the necessary measures to remove the barriers faced by women-owned SMEs so that they may develop, expand and thereby increase their contribution to the social and economic growth of the region.

16. We welcome the agreements reached by the 1998 APEC SME Ministers to include micro enterprises and women entrepreneurs as an integral part of the Integrated Plan of Action for SME Development. They also emphasised the importance of eliminating barriers to the full participation of women to individual APEC economies. In this context, they noted the establishment of the

Confederation of Women's Business Councils in some APEC economies as a catalyst to facilitate and enhance business networking and partnership among some entrepreneurs. We welcome the reference by SME Ministers to recent statements of APEC Finance Ministers about the impact of the financial crisis. SME Ministers highlighted the need to develop immediate measures to support SMEs and strengthen social safety nets in affected economies. We further recognise the importance and benefits of E-commerce in SMEs and encourage other APEC fora to give special assistance to women in the use of E-commerce in business.

Women and Industrial Science and Technology (IST)

17. In the new global, knowledge-based economy, competitive advantage requires a highly skilled and diversified workforce that will increase productivity and fuel innovation. Economies need the talent of their entire population, male and female, to create a leading-edge workforce. This will be achieved through policies that place greater emphasis on science and technology education and training for skills upgrading and re-skilling. It further implies the full utilisation of women's talent and competence in these fields. We commend APEC Ministers at their Conference on Regional Science and Technology Cooperation, in 1996, for recognising the "importance of removing barriers and promoting the full contribution of women to science and technology as essential elements in meeting APEC's goal of achieving sustainable and equitable development" as well as the need to strengthen "the exchange of scientific and technical men and women across the region".

18. As part of APEC's economic goals and activities, we must address the range of factors that discourage female youth and women from pursuing interests in and considering careers in science and technology. We note that in many economies fewer young women than young men obtain formal education, and that of the number who do, an even smaller proportion obtain training in science and technology. Skills gaps, as well as skilled workforce shortages, are already creating major bottlenecks in global and regional economic production and scientific development. Yet, women remain an under-utilised intellectual resource in most parts of the world.

19. We note in particular, women's important role in local knowledge systems and indigenous science and technology. Whether in agriculture, textile, food processing, and many other technologies, women's deep involvement with traditional knowledge systems has been commonly recognised. We believe APEC must make greater efforts to understand and preserve these knowledge systems, including promoting mutually beneficial exchanges between practitioners of modern and traditional technology, and, to support the continuing development of traditional practices and knowledge of indigenous and rural women.

20. Given the importance of science and technology for future sustainable economic development, we are concerned that there is severe under-representation of women in science and technology. We are also concerned by the limited information available at domestic and global levels, on the participation rates of women and men in scientific and technological education and careers, and, on the possible differential impact of technological change on the lives of women and men. In this regard, impact studies particularly on information and communication technologies should be conducted. We commend the Industrial Science and Technology Working Group (ISTWG) for establishing an Ad Hoc Group on Gender and Science and Technology for a two-year period from 1997 to 1999, to document and share best gender practices, and to design a gender and science and technology web site for information dissemination. In view of the need to complete its work, which has been postponed due to the financial and economic crisis, it is recommended that extension of the mandate of the Ad Hoc Group be considered to allow it to complete its workplan, mindful of the current management review process. Furthermore, we suggest that special efforts to improve the recruitment and retention of women in science and technology, be included as part of the proposed APEC Agenda for Science and Technology Industry Cooperation in the 21st Century.

Women and Human Resources Development (HRD)

21. Investments in human resource development enhance economic development and the well-being of our populations. A sound educational base provides a foundation for employment security and lifelong learning. We agree that full participation by female youth and women at all levels of education and training is critical to developing a skilled workforce that can respond to economic change. We conclude that obstacles to women's full access to human resource development strategies that recognise the different realities of women and men must be examined and addressed.

22. We are pleased to note the increased labour force participation of women. But we are concerned with the trend of increased feminisation of low-wage and low-skill employment, jobs frequently accompanied by unsafe and unhealthy conditions with little opportunity for skill development in most economies. Throughout our economies, we see evidence of barriers that prevent women from advancing in their careers. Earnings differentials, and education and occupational segregation between women and men remain persistent forms of economic inequality. In addition, we recognise the need to better understand how women may benefit from and may be disadvantaged by, globalisation and changes in the organisation of production. We also note that the performance of unwaged work falls disproportionately on women and believe that HRD strategies can ease work-family tensions in order to achieve full participation of women.

23. As we come together during this time of financial crisis, we stress the importance of recognising investments in women's and female youth's education and training as sound investments in economic growth and the importance of understanding that as young women acquire more education, there is a corresponding improvement in the general welfare of future generations that is closely linked to economic growth. Therefore, these investments should not be subjected to austerity drives such as reduction of budget allocation.

24. We commend the considerable work of the Human Resources Development Working Group in integrating gender into its work, including through the HRD WG Statement of Medium Term Priorities that emphasises that activities should be undertaken with due consideration of gender implications. The HRD WG agrees to integrate gender-based analysis into the Project Management Guide which could serve as a model for other APEC fora.

Common Themes

25. We note the inter-relationship of barriers to the realisation of women's full economic contributions across the range of our discussions particularly the differential impact of the current economic and financial crisis on women. It is essential that we direct our efforts to:

- Expand economic opportunities in areas where women are traditionally under-represented;
- Empower and increase capacity building of women to respond to economic opportunities and challenges;
- Eliminate barriers to women's full participation in the economy;
- Recognise the economic contributions of women's unpaid work and that APEC economies address, where possible, the constraints created by these responsibilities;
- Increase the availability and quality of sex-disaggregated data, research, and analytical information;
- Ensure the integration of women in the planning, design and implementation of responses to the current economic and financial crisis.

26. We recognise the close linkages that exist between the issues and activities of other APEC fora and the issues affecting women in small and medium enterprises, science and technology, and

human resources development. We urge the SOM in their coordinative function to encourage all APEC fora to take into account the range of our conclusions in their respective work.

Recommendations:

27. We are pleased to report that important steps have been taken in “integrating women into the mainstream of APEC processes and activities”. We strongly urge APEC to build on these initial efforts and to this end, the following recommendations are submitted to Leaders and are addressed to APEC as a whole.

We seek the endorsement of APEC Leaders to:

- a) **Recognise gender as a cross-cutting theme in APEC.** The successful integration of women into the mainstream of APEC processes and activities under TILF and ECOTECH, requires a comprehensive, horizontal and gender-sensitive approach to all APEC planning and programming, as well as the implementation, by sector, of women-specific activities and projects. Moreover, greater emphasis should be placed on the sharing of experiences among APEC economies, and the engagement of broader sectors of society. The current SOM review of the APEC management process and subsequent implementation may provide a timely opportunity for the identification of the institutional measures to integrate gender as a cross-cutting theme in APEC.
- b) **Place a high priority on the collection of sex-disaggregated data.** The lack of sex-disaggregated data hides the actual, as well as the potential, contributions of half the population to our economies and may hinder effective policy development. We recommend that APEC identify the gaps in data collection methodologies and processing and take steps to address these gaps in the most cost-effective way. Each member economy is encouraged to build its own sex-disaggregated database in a format comparable to internationally-recognised standards, where available.
- c) **Implement gender impact analysis of policy, program and project proposals as an integral component of APEC decisions, processes and activities, including planning, priority setting, resource allocation, design, implementation and evaluation.** We believe that APEC must examine its current practices in this regard, and develop methodologies and tools (or adapt those currently available in other fora), that will meet the needs of APEC and provide the best results.
- d) **Place a high priority on the development of further studies on the impact of the financial and economic crisis on women and the development of strategies to minimise any disproportionate effects on them; and to explicitly integrate the economic interests of women into regional and domestic strategies for economic recovery and future prosperity.**
- e) **Accelerate the progress of integrating women in the mainstream of APEC processes and activities.** We recommend the development of a “*Framework for the Integration of Women in APEC*”. We believe that this *Framework* will maximise the effectiveness of APEC policies and activities, strengthen horizontal linkages across APEC, and promote a common understanding of how the goals of gender integration can be achieved.

The *Framework* would include: the development of guidelines for gender analysis; improvements to the collection and utilisation of sex-disaggregated data; approaches to the involvement of women; and an implementation plan for the *Framework*, including options for a process to review the progress of integrating women in APEC in future years, taking note, among others, of the suggestions from the technical papers of this Ministerial Meeting.

The *Framework* would be developed within one year by an Ad Hoc Task Force on the Integration of Women in APEC under an existing APEC mechanism to be determined by SOM. This Task Force will be resourced by individual economies, would communicate electronically and by other means, and will be disbanded following the completion of the *Framework*.

- f) **Promote and encourage the involvement of women in all APEC fora.** We believe that APEC should review its approach to all APEC planning and programming, encouraging all APEC fora to increase the involvement of women, especially in decision-making. This should include APEC-related fora such as the APEC Business Advisory Council (ABAC). We also recommend greater application of gender perspective and expertise in APEC work.
- g) **Ensure the implementation of these recommendations and accountability for results.** This Ministerial Meeting on Women has no precedent in APEC. We believe that the momentum gained at this Meeting in addressing the role and contribution of women in economic development and cooperation in APEC must be carried forward. However, the scope and complexity of the issues facing women and APEC economies on the eve of the 21st century will require a longer-term perspective, sustained commitment, better coordination, equitable access to resources and accountability for results. We therefore believe that, within an existing APEC mechanism, it is essential that a process to ensure the progress of integrating women in APEC be an inherent part of the *Framework*. And since APEC activities occur within the context of economic policies determined by officials of the various APEC economies, we encourage more women to participate in the decision-making structures of these economies.

28. In summary, we wish to emphasise to Leaders women's critical role in economic development and cooperation in APEC, and the importance of building on APEC's initial efforts to integrate women in the mainstream of its processes and activities. To accelerate progress toward this goal, we recommend the development, in consultation with other APEC fora, of a *Framework for the Integration of Women in APEC*, over the course of the next year, by an Ad Hoc Task Force on the Integration of Women in APEC under an existing APEC mechanism to be determined by SOM.

Closing Remarks

29. We were honoured by the presence of His Excellency Joseph Ejercito Estrada, President of the Republic of the Philippines. We wish to express our most sincere appreciation to President Estrada and the Philippines for their warm hospitality, and thank all those involved in ensuring that this Meeting was a resounding success.