



**Asia-Pacific
Economic Cooperation**

APEC at a Glance



What is Asia-Pacific Economic Cooperation?

The Asia-Pacific Economic Cooperation (APEC) forum was established in 1989 to capitalise on the growing interdependence of Asia-Pacific economies. By facilitating economic growth, intensifying economic and technical cooperation and enhancing a sense of community, APEC aims to create greater prosperity for the people of the region.

APEC has grown to become one of the world's most important regional groupings. Its 21 member economies are home to more than 2.7 billion

people and represent approximately 54 percent of world GDP and 44 percent of world trade. APEC is the most economically dynamic region in the world. Since APEC's inception, members have experienced average annual GDP growth of 7%, versus 5% growth in non-APEC economies (purchasing power parity terms). *(Source: Department of Foreign Affairs & Trade, Australia, The APEC Region Trade and Investment 2008)

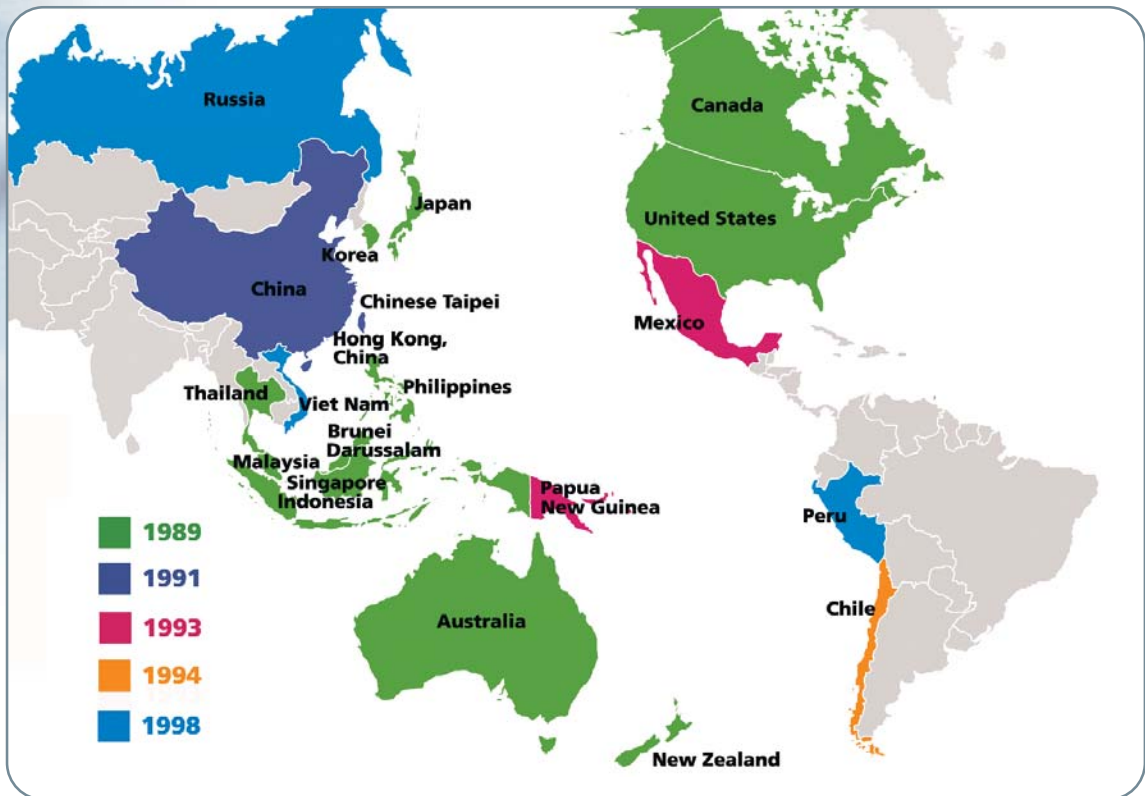
The forum constantly adapts itself to enable members to discuss important new economic challenges. These include reducing the digital divide, countering terrorism, bringing about structural policy reform and addressing climate change.

APEC is a unique forum, operating on the basis of open dialogue and respect for the views of all participants. There are no binding commitments; compliance is achieved through discussion and mutual support in the form of economic and technical cooperation. In APEC, all economies have an equal say and decision-making is reached by consensus.



Promoting the safe and efficient movement of goods, services and people through the Asia-Pacific region

Which economies are members of APEC?



What are APEC's goals?

In 1989, the founding members of APEC developed three objectives -

- To develop and strengthen the multilateral trading system;
- To increase the interdependence and prosperity of member economies; and
- To promote sustainable economic growth.

APEC's vision was further defined in 1994, when APEC Leaders committed to the 'Bogor Goals' of free and open trade in the region.

Recognizing the differing levels of development among member economies, the Leaders set two broad timetables. The goal of free and open trade will be

achieved by industrialised economies no later than 2010, and by developing economies no later than 2020. It is a voluntary commitment, based on good faith and a pledge of best endeavour.

APEC also works to create an environment for the secure and efficient movement of goods, services and people across borders in the region through policy alignment and economic and technical cooperation. This cooperation also helps to ensure that the people of the APEC region have access to training and technology to take advantage of more open trade and investment.



Improving the business environment by removing barriers between economies

How does APEC benefit the economies of the region?

Members are working together to sustain economic growth through a commitment to free and open trade, investment liberalisation and facilitation, and economic reform. Recognising the needs of business in the region, members have progressively reduced tariffs and other barriers to trade making the flow of business easier and less costly. Actions taken have resulted in the development of more efficient economies and have seen exports expand dramatically.

Highlights -

- Leaders, Ministers, government administrators and business people come together regularly for active information exchange and dialogue that help promote cooperation and policy development.
- APEC works to align standards regimes with international norms to reduce barriers to trade, to facilitate innovation and new technologies, and to offer consumers better prices and greater choice.
- APEC works to harmonize, standardize, and simplify customs procedures.
- APEC implements technical assistance projects which develop skills and strengthen economic infrastructure.
- 18 member economies fully participate in the APEC Business Travel Card (ABTC) scheme, allowing bona fide frequent business travelers fast-track entry through special APEC lanes at major international airports in the region. The ABTC also removes the need to individually apply for visas or entry permits. Another two economies provide fast-track entry to cardholders at designated airports, and are taking steps toward becoming full ABTC participants.
- Making travel safer, facilitating faster processing of legitimate travelers while reducing opportunities for unauthorized and improperly documented persons to cross borders.

How does APEC operate?

APEC operates as a cooperative, multilateral economic and trade forum. Member economies take individual and collective actions to open their markets and promote economic growth. These actions are discussed annually at a series of meetings of Senior Officials, Ministers and finally, by the Leaders of APEC's 21 member economies.

APEC policy direction is provided by the 21 APEC Economy Leaders. Strategic recommendations, provided by APEC Ministers and the APEC Business Advisory Council, are considered by APEC Economic Leaders as part of this process.

APEC's working level activities and projects are guided by APEC Senior Officials and undertaken by four core committees:

- Committee on Trade and Investment
- Senior Officials' Meeting - Steering Committee on Economic and Technical Cooperation
- Economic Committee
- Budget and Management Committee

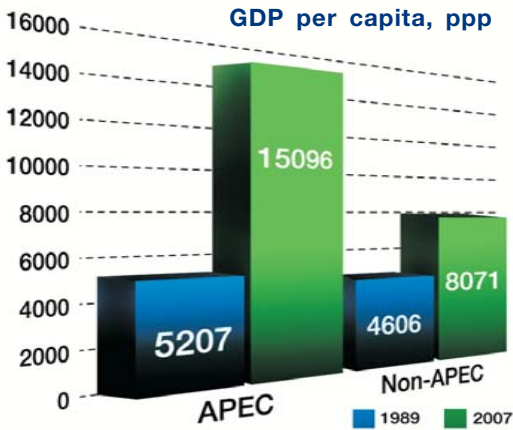
Sub-Committees, Experts' Groups, Working Groups and Task Forces carry out the activities led by these four core committees.

The APEC Policy Support Unit provides research, analysis and evaluation capabilities to assist in the implementation of APEC's agenda.

The APEC process is supported by a permanent Secretariat based in Singapore.



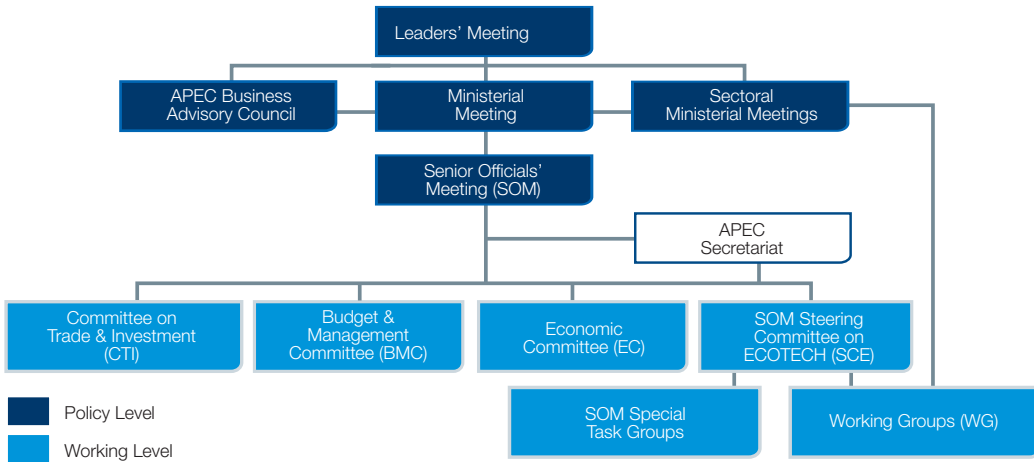
Strengthening security against the terrorist threat



How do the people of the Asia-Pacific benefit from APEC's work?

The people of the Asia-Pacific benefit from the collective and individual actions of APEC member economies in a number of ways. Consumers in APEC member economies enjoy a lower cost of living because reduced trade barriers and a more economically competitive region helps to lower prices for goods and services that everyone needs on a daily basis, from food to clothes to mobile phones. Other direct benefits include increased job opportunities and training programs, stronger social safety nets and poverty reduction. More broadly, citizens in the APEC region also benefit from APEC's anti-corruption and human and food security related initiatives.

How is APEC structured?



What is APEC's scope of work?

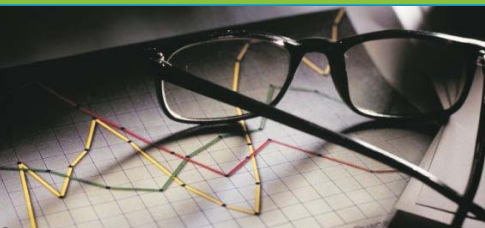
The majority of APEC's activities are focused in three key areas:

- Trade and Investment Liberalisation
- Business Facilitation
- Economic and Technical Cooperation

The outcomes of these three areas enable APEC member economies to strengthen their economies by sharing ideas and promoting cooperation within the region to achieve efficiencies and growth.

Trade and Investment Liberalisation

Trade and Investment Liberalisation focuses on opening markets and reducing, and eventually eliminating, tariff and non-tariff barriers to trade and investment. APEC liberalisation activities have led to sizeable reductions in tariffs. APEC member economies' average tariffs have declined, from 16.9 percent in 1989 to 5.5 percent in 2004. *(Source: A Mid-Term Stocktake of Progress towards the Bogor Goals 2005)*



Implementing reforms to reduce impediments to trade

Other steps that APEC is taking to promote its Regional Economic Integration Agenda include the development of model measures for regional trade agreements (RTAs) and free trade agreements (FTAs), and examining the options for and long-term prospects of a Free Trade Area of the Asia-Pacific.

APEC also continues to support the multilateral trading system and WTO-based negotiations through strong and unambiguous political commitments and a range of practical and concrete actions.

Business Facilitation

Business facilitation helps importers and exporters in the Asia-Pacific to conduct business more efficiently. Costs of production are reduced, leading to increased trade, cheaper goods and services and more employment opportunities.

Traditionally the focus has been on reducing business transaction costs. APEC's original target of a region-wide reduction in transaction costs by 5 per cent between 2002 and 2006 has been reached, so in 2007 members committed to a further 5 percent reduction by 2010. An Investment Facilitation Action Plan has also been endorsed by APEC Trade Ministers and work on its implementation has begun.

Over time the APEC agenda has broadened to include a complementary focus on behind-the-border barriers. APEC now addresses these impediments through its Structural Reform Agenda which focuses on five priority areas: regulatory reform, competition policy, public sector governance, corporate governance and strengthening economic legal infrastructure.

Economic and Technical Cooperation (ECOTECH)

Economic and Technical Cooperation (ECOTECH) comprises training and other cooperative activities to build capacity and skills at the institutional and individual level to enable all economies to participate in the regional economy and the liberalisation process.

How does APEC put its goals and vision into action?

In order to meet APEC's Bogor Goals of free and open trade and investment in Asia-Pacific, APEC member economies follow the strategic roadmap agreed by APEC Economy Leaders in Osaka, Japan. This roadmap is known as the Osaka Action Agenda.

Osaka Action Agenda

The Osaka Action Agenda provides a framework for meeting the Bogor Goals through trade and investment liberalisation, business facilitation and sectoral activities, underpinned by policy dialogues and economic and technical cooperation. As part of this framework, General Principles have been defined for APEC member economies as they proceed through the APEC liberalisation and facilitation process.

The following General Principles are provided in the Osaka Action Agenda and are applied to the entire APEC liberalisation and facilitation process -

- **Comprehensiveness** - address all impediments to achieve the long-term goal of free and open trade.
- **WTO-consistency** - measures undertaken in the context of the APEC Action Agenda are consistent with the principles of the World Trade Organization (WTO).
- **Comparability** - APEC member economies endeavour to have comparable trade and investment liberalisation and facilitation, taking into account the general levels achieved by each APEC economy.
- **Non-discrimination** - reductions in barriers to trade achieved through APEC are available to all APEC member economies and non-APEC economies.
- **Transparency** - the laws, regulations and administrative procedures in all APEC member economies which affect the flow of goods, services and capital among APEC member economies are transparent.
- **Standstill** - APEC member economies do not take measures which have the effect of increasing levels of protection.



Connecting people and economies through trade, investment and technology

- *Simultaneous start, continuous process and differentiated timetables* - APEC member economies began simultaneously the process of liberalisation, facilitation and cooperation and continuously contribute to the long-term goal of free and open trade and investment.
- *Flexibility* - APEC member economies deal with the liberalisation and facilitation process in a flexible manner, taking into account differing levels of economic development.
- *Cooperation* - economic and technical cooperation contributing to liberalisation and facilitation is actively pursued.

Individual Action Plans

APEC member economies report progress towards achieving the free and open trade and investment goals through Individual and Collective Action Plans, submitted to APEC on a regular basis. Individual Action Plans (IAPs) contain a chapter for each specified policy area and report the steps that each member is taking to fulfill the objectives set out in the Osaka Action Agenda for each action area.

Reporting is based on the following areas:

- Tariffs
- Non-tariff measures
- Services
- Investment
- Standards and Conformance
- Customs Procedures
- Intellectual Property
- Competition Policy
- Government Procurement
- Deregulation/Regulatory Review
- WTO Obligations (including Rules of Origin)
- Dispute Mediation
- Mobility of Business People and
- Information Gathering and Analysis
- Strengthening Economic Legal Infrastructure

Over the past few years additional areas have been added to the IAP reporting process including the APEC Food System, Transparency and RTAs/FTAs.

Collective Action Plans

Collective Action Plans (CAPs) detail the joint actions of all APEC member economies in the same issue areas outlined in the Osaka Action Agenda. CAPs are the compass by which APEC charts its course towards the ultimate objective of free trade and investment.

Capacity Building

Aimed at enhancing economic growth and prosperity in the region, projects are a vital part of the APEC process. APEC projects build capacity in key priority areas identified by Leaders' calls for action. Targeting specific policy areas, projects cover a wide range of activities, such as seminars, publications and research, and focus on trade and investment liberalisation and economic and technical cooperation. Projects typically focus on building human capacity, strengthening economic infrastructure and ensuring security for the region.

ECONOMIC CHALLENGES

Over the last few years new threats to the economic well-being of the region have emerged. The commercial impact of terrorist attacks on member economies, the epidemics of avian influenza and SARS and the devastating effects of tsunamis and hurricanes, reinforces the connection between human security and trade. Fighting corruption and reducing the digital divide build the foundations for competitive economies. APEC is meeting these challenges through a range of cooperative and capacity building activities aimed at ensuring that trade and economic development continues, while safeguarding the people and economies of the region.

Other challenges facing APEC include ensuring that sub-regional trade agreements contribute to global free trade. APEC recently agreed to model measures for RTAs and FTAs, which help ensure that agreements are high quality, comprehensive, consistent with WTO requirements and genuinely pave the way for the realisation of the Bogor Goals.



Who participates in the APEC process?

APEC recognizes that strong and vibrant economies are not built by governments alone, but by partnerships between government and its key stakeholders including the business sector, industry, academia, policy and research institutions, and interest groups within the community. APEC actively involves these key stakeholders in the work of the forum.

Business

APEC Economic Leaders meet annually with the APEC Business Advisory Council (ABAC), which comprises high-level business people from all 21 APEC member economies. ABAC presents recommendations to Leaders and advises APEC officials on business sector priorities and concerns. APEC is the only multilateral body that gives business a seat at the table, not just for consultation, but as a partner.

At the working level, representatives from the private sector are invited to join many APEC industry dialogues, working groups and expert groups. This process provides an important opportunity for industry to provide direct input into APEC's ongoing work.

Academic and Research Institutions

Through the APEC Study Centers (ASC) Consortium, APEC member economies engage academic and research institutions in the APEC process. The ASC facilitates cultural and intellectual exchanges in the Asia-Pacific region and undertakes advanced, collaborative interdisciplinary and policy-relevant research from an independent and long-term perspective.

There are ASCs in 20 APEC member economies, comprising universities, research centers and centers of academic excellence. Academics and research institutions also participate at the working level of APEC through meetings, seminars and other activities.

APEC Observers

APEC has three Official Observers: the Association of Southeast Asian Nations Secretariat, the Pacific Economic Cooperation Council and the Pacific Islands Forum Secretariat.

How do I get involved with APEC?

If you are interested in participating in the APEC process you can apply or be invited to APEC meetings or seminars. Contact the APEC Secretariat or visit the website for further information.

Views can also be expressed about APEC's work to your economy's APEC office. Enquiries can also be directed to contacts in APEC member economies. A complete list of these contacts is available through the APEC Secretariat.

How can I keep up-to-date with APEC progress?

Keep up-to-date with the latest APEC news by regularly accessing the APEC website at www.apec.org. The APEC Secretariat also produces a free APEC E-Newsletter. It provides information on the key outcomes of the APEC process, new publications, upcoming meetings and more. Simply fill out your details on the APEC website and the latest edition of the APEC E-Newsletter will be emailed to you.

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