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438 Alexandra Road #14-01/04
Alexandra Point
Singapore 119958
Tel (65) 276 1880
Fax (65) 276 1775
Email: info@apec.stems.com
Website: <http://www.apecsec.org.sg>

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Foreword

Selected APEC Documents 1996 includes the declarations and statements from the APEC Leaders and Ministerial Meetings held in 1996. It also includes highlights and an overview of the Manila Action Plan for APEC (MAPA).

The complete MAPA contains the Individual Action Plans (IAPs) of the APEC member economies, the Collective Action Plans (CAPs), and a progress report on joint activities in Economic and Technical Cooperation. The complete MAPA is available on the Internet at the APEC Secretariat's website. The address is <http://www.apecsec.org.sg>.

Documents from APEC meetings held in earlier years are published in *Selected APEC Documents 1989-1994* and *Selected APEC Documents 1995*. These publications are available from the APEC Secretariat and the documents are on the website. If you require further information about other APEC publications please contact the Director, Public Affairs, APEC Secretariat, or check the website.

APEC Secretariat
Singapore

APEC ECONOMIC LEADERS' DECLARATION: FROM VISION TO ACTION

**Subic, Republic of the Philippines
25 November 1996**

1. We, the Economic Leaders of the Asia-Pacific Economic Cooperation forum, met today in Subic, the Philippines, for our fourth annual meeting. Our collective achievements of sustained economic growth, increased employment, and regional stability are the result of our shared commitment to growth-oriented policies, the broadest participation in the regional and global economy, and an environment of stability and security. We came to Subic to strengthen this commitment and to reaffirm that the ultimate objective of our individual and collective endeavors is to enrich the lives and to improve the standards of living of all our citizens on a sustainable basis.
2. At Blake Island three years ago, we committed ourselves to "deepening our spirit of community based on our shared vision of achieving stability, security and prosperity for our peoples." In Bogor a year after, we began the process of realizing this vision by committing ourselves to the goals of free and open trade and investment in the region. Last year in Osaka, we agreed on the framework of our future work to reach our common goals built through trade and investment liberalization, trade and investment facilitation, and economic and technical cooperation.
3. Today in Subic, we have deepened the spirit of community in the Asia-Pacific region and have affirmed our commitment to sustainable growth and equitable development.
4. We have:
 - launched the implementation phase of our free and open trade and investment agenda,
 - delivered business facilitation measures,
 - agreed to advance common goals in the World Trade Organization,
 - developed ways to strengthen economic and technical cooperation, and
 - engaged the business sector as a full partner in the APEC process.

Manila Action Plan for APEC

5. We have brought to Subic our individual and collective initiatives in fulfillment of our voluntary commitment to implement the Osaka Action Agenda. We shall implement these initiatives, presented as the Manila Action Plan for APEC (MAPA), beginning in January 1997.
6. MAPA contains the first steps of an evolutionary process of progressive and comprehensive trade and investment liberalization toward achieving our Bogor goals by

2010/2020, in accordance with the Osaka Agenda. We are determined to sustain the dynamism of our plans through a continuous process of review and consultations. We are committed to build on MAPA, and to improve our individual action plans, including their comparability and comprehensiveness.

7. To this end, we welcome the decision of ministers to meet in 1997 to review the individual action plans, taking into account the views of the private sector. We ask that they report the results to us when we meet next year.

8. We further instruct our ministers to identify sectors where early voluntary liberalization would have a positive impact on trade, investment, and economic growth in the individual APEC economies as well as in the region, and submit to us their recommendations on how this can be achieved.

9. We also commend to our citizens the results of APEC's work on collective actions, which are the first harvest of seeds sown at Bogor and Osaka and which will facilitate the conduct of business in and between APEC economies, increasing competitiveness and reducing transaction costs. This year, we have made our tariff regimes more transparent. We have agreed to harmonize our tariff nomenclature by the end of this year and our customs clearance procedures by 1998. We have agreed to align our national standards with international standards and to recognize each others' national standards.

10. We direct our ministers to intensify work in 1997 on simplification of customs clearance procedures, effective implementation of intellectual property rights commitments, harmonization of customs valuation, facilitation of comprehensive trade in services and enhancing the environment for investments.

Multilateral Trading System

11. We reaffirm the primacy of an open, multilateral trading system based on the WTO. We consider it essential that regional and multilateral trade and investment should support and reinforce each other.

12. We applaud the efforts of APEC members which extend to all economies the benefits derived from sub-regional arrangements. We are determined that the far-reaching liberalization measures to which we have voluntarily committed ourselves in APEC, and the significant opening already underway in all our economies, will serve as a catalyst for further liberalization of the multilateral trading system. We call on WTO members to build on the process of progressive liberalization and enhanced transparency which we have initiated in APEC.

13. We affirm our determination to ensure that the first WTO Ministerial Conference, which is being held in an APEC member economy, generates the dynamism and purpose necessary for strengthening the multilateral rules-based trading system. An essential basis to this effort is the effective implementation of Uruguay Round commitments by each WTO member. We urge all members to make determined efforts to complete outstanding

negotiations in the telecommunications and financial services sectors, and to establish a substantive and balanced program of further work that will move the WTO forward.

14. We endorse initiatives for freer and non-discriminatory trade in goods and services. Recognizing the importance of information technology in the 21st century, APEC Leaders call for the conclusion of an information technology agreement by the WTO Ministerial Conference that would substantially eliminate tariffs by the year 2000, recognizing the need for flexibility as negotiations in Geneva proceed.

15. We encourage the acceleration of substantive negotiations on protocol issues and market access with a view to achieving universality of WTO membership.

Economic and Technical Cooperation

16. We recognize that our vision of community can be strengthened only if our efforts benefit all citizens. As an essential complement to our trade and investment liberalization agenda, economic and technical cooperation helps APEC members to participate more fully in and benefit from an open global trading environment, thus ensuring that liberalized trade contributes to sustainable growth and equitable development and to a reduction in economic disparities.

17. This year, we have advanced our work on economic and technical cooperation significantly. To give it further impetus, we endorse the declaration of a framework of principles for economic cooperation and development in APEC adopted by ministers. We instruct our ministers to apply these principles to the activities of relevant APEC fora, giving a human face to development and thereby assigning high priority to the following themes: developing human capital; fostering safe, efficient capital markets; strengthening economic infrastructure; harnessing technologies of the future; promoting environmentally sustainable growth; and encouraging the growth of small and medium enterprises.

18. The implementation of our economic cooperation agenda is based on a genuine partnership to which all APEC economies contribute. We direct our ministers, working in partnership with the private sector, to identify ways to encourage such participation by all APEC economies. In addition, we ask that they put special emphasis on the full participation of women and the youth.

19. Promoting rapid economic growth that ensures a healthy environment and improves the quality of life of our citizens is a fundamental challenge. In this regard, we welcome the work undertaken in various APEC fora, including the Meeting of Ministers-in-charge of Human Resources Development, Small and Medium Enterprises, Industrial Science and Technology, Telecommunications, Energy, and Sustainable Development.

20. We direct ministers, in coordination with the private sector, to develop specific initiatives to implement an initial work program for sustainable development in APEC that includes the themes of the sustainability of the marine environment, clean technology and clean production, and sustainable cities. We call on ministers to intensify work on sustainable

growth and to report on their progress at our meeting in Vancouver in 1997. We note the work already underway on the interrelated issues of food, energy, environment, economic growth, and population. We agree to push for further progress on these important issues, in light of the various international fora being convened next year to address these issues.

21. We endorse the findings of our finance ministers, reaffirming the importance of sound macroeconomic policies in maintaining stable capital flows and exchange rates, accelerating the development of domestic financial and capital markets in the region, and stimulating private sector participation in infrastructure development. We call on them to pursue concrete and practical measures to achieve these objectives.

22. Lack of infrastructure severely constrains sustained growth. Since public finance cannot fully meet the enormous requirements of the region, private sector investment must be mobilized. Providing the appropriate financial, economic, commercial and regulatory environment is key to stimulating such investments. We direct the relevant ministers to work together with private sector representatives and with national/international financial institutions, including export credit agencies, and develop a framework for this purpose.

Role of the Business Sector

23. We affirm the central role of the business sector in the APEC process. This year, the APEC Business Advisory Council (ABAC) was organized and convened at our request. We thank ABAC for its valuable work and ask our ministers to work closely with the business sector next year to examine ways of implementing ABAC's recommendations.

24. We ask in particular that they consider ABAC's call to facilitate the movement of business people, enhance investment flows, strengthen investment protection in terms of transparency, predictability, arbitration and enforcement of contracts, align professional standards in the region, involve the private sector in infrastructure planning, develop policies supportive of small and medium enterprises, and encourage greater business sector participation in economic and technical cooperation.

25. We welcome the opportunity to dialogue with the business sector and note with appreciation the Philippine initiative to convene the APEC Business Forum.

A Shared Vision

26. We recognize that the strength of APEC is derived from its diversity and that we are bound by a shared vision of community. Thus, deepening the spirit of community in accordance with the APEC approach is critical in exerting a positive influence on the region and on the world. This vision of community requires that all sectors of society develop a stake in the success of APEC. We therefore commit ourselves to foster greater public/private sector partnership in APEC. We also place great value on promoting more people-to-people linkages, particularly those in education and business.

27. Finally, we express full confidence that the APEC process will produce substantial, concrete, measurable and sustainable results which will tangibly improve the lives of all our citizens by the turn of the century.

**ASIA-PACIFIC ECONOMIC COOPERATION
FOURTH APEC ECONOMIC LEADERS' MEETING**

**24-25 November 1996
Manila & Subic Bay
Republic of the Philippines**

MANILA ACTION PLAN FOR APEC

We, the Economic Leaders of APEC, endorse the Manila Action Plan for APEC 1996 (MAPA) containing our Individual and Collective Action Plans and Joint Activities in Economic and Technical Cooperation in fulfillment of our commitment to achieve free and open trade and investment in the region. MAPA contains the first steps of a continuous and evolutionary process of trade and investment liberalization and facilitation, aimed at achieving our Bogor goals by 2010/2020. We will begin implementing these Plans in January 1997 and sustain their dynamism through a continuous process of review and consultations.

MANILA ACTION PLAN FOR APEC

Introduction

The first three meetings of the APEC Economic Leaders – held in Seattle, Bogor and Osaka – shaped the vision and set the goal and agenda, respectively, of APEC. At Subic Bay, **APEC enters its action phase with the adoption of the Manila Action Plan for APEC (MAPA).**

- The MAPA follows through on the vision articulated in Seattle of fostering a spirit of community among Asia-Pacific economies, based on a shared vision of achieving stability, security and prosperity, and representing a broad constituency for trade and investment liberalization as a way to help sustain the region's dynamism.
- The MAPA outlines the trade and investment liberalization and facilitation measures to be implemented on the road to the target dates set at Bogor – 2010 in the case of industrialized economies and 2020 in the case of developing economies – for achieving free and open trade and investment.
- The MAPA begins to carry out the agenda drawn up at Osaka by including, as prescribed, the member economy individual action plans, collective action plans, and joint activities on economic and technical cooperation, the three pillars on which to deepen the spirit of community in the Asia-Pacific.

The distinctive features of these components of the MAPA reflect the distinctive features of the APEC process itself.

The individual and collective action plans contain trade and investment liberalization and facilitation measures to be carried out over the immediate, medium and longer term in fifteen specific areas and issues, a coverage so comprehensive that it is without parallel in other trade and investment liberalization fora.

In developing these plans, members will adhere to the principles of comprehensiveness, WTO-consistency, comparability, non-discrimination, transparency, standstill, simultaneous start, continuous process and differentiated timetables, flexibility and cooperation.

The individual action plans are voluntary submissions made by member economies. The voluntary nature of the liberalization initiatives that individual economies undertake to carry out gives these plans their most distinctive feature. It might be said that the individual action plans are a continuation or extension of unilateral liberalization initiatives which economies of the region have been implementing in the last two decades or so in their own economic interest.

These latter unilateral initiatives were responsible – together with geographic proximity, economic complementarity and sustained high growth rates enjoyed by the East Asia side of the region – for the very high rates of intra-regional trade and investment achieved even before APEC was established to accelerate the trend, through trade and investment liberalization and facilitation, for the purpose of sustaining the dynamism of the region.

What the APEC process has added to the region's voluntary mode of trade and investment liberalization is a dynamic mechanism of consultation, review and revision, a mechanism

calculated to favor concerting, expanding and improving action plans. This mechanism will ensure transparency and contribute towards attaining the comparability of action plans, taking into account the general level of liberalization and facilitation already achieved by each economy. **In a way, the individual economy action plans will always remain a work in progress until the goals of Bogor are finally achieved.**

The second component of the MAPA is the collective action plans. It contains measures agreed upon in different APEC fora through the process of consensus. These measures focus essentially on facilitating trade and investment and on making the conduct of business in the region easier, cheaper, faster, more predictable and transparent. This is entirely in line with the important APEC goal to make APEC relevant to business. A parallel effort to achieve the same goal is the establishment by the APEC Economic Leaders of the APEC Business Advisory Council (ABAC) and to reach out to business generally to provide a “reality check” on the APEC action plans, among others.

Joint activities in economic and technical cooperation make up the third component of MAPA. It is a recognition, distinctive of APEC, that for fostering an Asia-Pacific community, trade and investment liberalization and facilitation should be supported and complemented by economic and technical cooperation. As the APEC Economic Committee has said, the disparity in economic development, technological capability and standards of living among the member economies of APEC must be reduced to deepen the spirit of an Asia-Pacific community. Economic and technical cooperation is an instrument for doing this. It is also an instrument for sustaining trade liberalization.

The Ministerial Declaration coming out of Manila, establishing a framework to guide members in the conduct of economic and technical cooperation, will give coherence to joint activities in these areas.

Another feature of economic and technical cooperation in APEC is the shift away from a donor-donee relationship achieved through relying on modes of cooperation that avoid transfer of resources by one economy to another. These modes would rather rely on sharing information, knowledge, experience and expertise.

The challenge in economic and technical cooperation lies in generating sufficient resources and developing responsive programs. This is why a third feature is the participation of the private sector in APEC economic and technical cooperation. It puts an end to complete reliance on government and makes available additional and potentially large resources of the kind that APEC economic and technical cooperation requires. It encourages public-private sector cooperation in deepening the spirit of an Asia-Pacific community.

The full importance of the MAPA cannot be appreciated unless it is placed in the broader setting of all liberalization initiatives affecting the region. These are the unilateral liberalization initiatives of individual economies of the region, the sub-regional liberalization initiatives of the ASEAN Free Trade Area (AFTA), the North America Free Trade Area (NAFTA), the Australia-New Zealand Closer Economic Relations and Trade Agreement (ANZCERTA), the Chile-Mexico Free Trade Agreement, the Chile-Canada Free Trade Agreement, and the multilateral liberalization initiatives of the WTO. Through the MAPA, the APEC process now plays a role of reinforcing the liberalization trend, through concerted regional actions, and paving the way to even bolder unilateral actions and extensions of the scope of regional cooperation.

But the MAPA will not be without challenges ahead. Among them is the challenge of whether the mechanism of consultation, review and revision will in fact deliver, whether it

can in fact effectively prod the member economies to progressively deepen and widen commitments, and to proceed from identifying specific immediate term actions to outlining the medium and longer term actions more specifically, and whether economic and technical cooperation programs will produce tangible results. As a work in progress, the MAPA cannot stand still.

The following section provides the highlights of what, in the expectation of future developments, might be called the first draft of the MAPA. These highlights are grouped not under each of the component parts of the MAPA (namely, individual action plans, collective action plans, and economic and technical cooperation), but instead around the six themes most likely to reveal the most significant measures adopted, namely: greater market access - tariff and non-tariff measures; enhancing market access in services; providing an open investment regime; reducing the cost of doing business; building an open and efficient infrastructure sector; and strengthening economic and technical cooperation.

MAPA HIGHLIGHTS

Greater Market Access: Tariff and Non-tariff Measures

To achieve the Bogor goal of free and open trade by 2010/2020, the Osaka Action Agenda (OAA) called for the progressive reduction of both tariffs and non-tariff measures (NTMs) and for ensuring the transparency of both tariff and NTM regimes of the APEC member economies.

The action plans submitted take off from the initial trade and investment liberalization and facilitation actions announced in Osaka last year (referred to as the Osaka Initial Actions). They indicate that the APEC economies are on track and rapidly progressing towards the goals and objectives of the Bogor Declaration within the target time frames. The main features of most action plans are:

- Significant tariff reductions which provide greater market access and predictability, with
 - clear targets towards the Bogor goal,
 - time bound schedules which are faster than the Bogor time frames, and
 - both targets and time schedules complement and go beyond multilateral, bound and regional commitments.
- A re-affirmation of the standstill on new measures of protection.
- A commitment to reduce and/or eliminate WTO-inconsistent non-tariff measures which affect trade.
- Greater transparency and effective liberalization through:
 - Internet accessibility of the APEC database of Customs information and applied tariffs starting 1997. The data base will be expanded to include trade flows and non-tariff measures by 1998.
 - A listing of measures recognized as non-tariff impediments to trade and affected products by 1998.
 - Based on consensus among members and taking into account views of the business sector, the identification and submission to APEC Ministers of priority sectors for progressive reduction of tariffs and non-tariff measures by 1999.

APEC members are heading in the right direction

Considerable progress has been achieved in liberalizing market access through the reduction of tariff and non-tariff measures. Both types of barriers have been coming down rapidly in the APEC region since the mid-1980s due to liberalization carried out unilaterally or as part of Uruguay Round commitments.

Average tariffs in the APEC region have declined considerably during the period 1988-96. Current tariffs for 14 of the APEC economies are below 15 percent, out of which 12 are below 10 percent and seven below 5 percent. This is due to the bold liberalization programs which many APEC economies have embraced, some of which have occurred only within the last two years as part of the APEC Initial Actions or as part of a liberalization process which began earlier.

Box 1			
Tariff Averages of APEC Economies 1988-1996			
Economy	Simple Average Applied Tariffs		
	1988^a	1993^b	1996
Australia *	15.60	7.00	5.00
Brunei	3.90	3.90	1.98
Canada *	3.70	2.40	1.60 ^c
Chile	19.90	11.00	11.00
China	39.50	37.50	23.00
Hong Kong	0.00	0.00	0.00
Indonesia	18.10	17.00	3.14
Japan *	4.30	3.40	4.00
Korea	19.20	11.60	7.90
Malaysia	13.60	12.80	9.00
Mexico *	10.50	12.60	9.80
New Zealand	14.90	8.50	5.70
Papua New Guinea	n.a.	n.a.	23.00
Philippines	27.90	23.50	15.57
Singapore	0.30	0.40	0.00 ^d
Chinese Taipei	12.57	8.89	8.64
Thailand	31.20	37.80	17.00 ^e
USA *	4.20	4.20	3.40

- ^a 1984-1987 for developing economies
- ^b 1991-1993 for developing economies
- ^c based on 1995 data
- ^d calculations exclude bound specific duties on agriculture
- ^e average tariff in 1997
- * figures are trade-weighted averages

Source: Data for Brunei, Canada, Chile (1993), the Philippines, and Chinese Taipei provided by the respective economies. 1984-87 and 1991-93 for all others taken from PECC, 1995, Survey of Impediments to Trade and Investment in the APEC Region, data based on UNCTAD (APEC #95 CT 01.2). 1996 data taken from IAPs. The data are discontinuous and may therefore not be strictly comparable.

Sub-regional integration arrangements such as the North America Free Trade Area (NAFTA) and the ASEAN Free Trade Area (AFTA) have also promoted liberalization of tariffs and NTMs among the respective members. Tariffs and quantitative restrictions had been completely removed between Australia and New Zealand under the Australia-New Zealand Closer Economic Relations and Trade Agreements (ANZCERTA) by July 1990. The NAFTA agreement will eliminate essentially all tariffs in trade between the US and Canada by January 1998 and, within a 10 year phase out period, 99 percent of tariffs in trade between Mexico and Canada and between Mexico and the US. In the case of AFTA, the timetable for reducing tariffs to 0-5 percent for all products has been advanced from 2008-2003. Some 88 percent of tariff lines in the AFTA scheme will be reduced to 0-5 percent by 2000. Chile concluded a Free Trade Agreement with Mexico in 1991 and with Canada this year.

APEC members have also reduced and removed non-tariff measures through unilateral efforts. As a result, the incidence of NTMs affecting imports during the 1988-93 period, fell from 9 to 5 percent for APEC as a whole. For some members the decline in NTMs have been dramatic while for several APEC economies NTMs have virtually been eliminated.

The Uruguay Round outcome in tariffs and NTMs served to shore up the efforts of unilateral liberalization. All WTO Members in APEC have also undertaken to fully implement their UR tariff reduction commitments. A majority of the WTO Members in APEC – 15 out of 16 – have shown a strong commitment to reduce tariffs to lower levels or bind those already at zero and at a more accelerated and specified schedule based on their action plans and the Osaka Initial Actions. The remaining economy already has low average tariffs. Furthermore, the two APEC members in the process of WTO accession have also undertaken to voluntarily and substantially liberalize their tariff regimes.

APEC members are making rapid progress

The action plans contribute significantly to the realization of the Bogor goal of free and open trade by providing many instances of clear targets, for example zero tariffs and pre-announced schedules of tariff reduction which are clearly influenced by APEC timetables, the WTO agreements, and other regional arrangements. Progress towards the Bogor goal is a positive contribution to providing certainty for business. Moreover, commitments on either current or planned tariff reductions contained in members' individual action plans (IAPs) are

far reaching and many go beyond their tariff reduction commitments under the Uruguay Round:

- Five members have indicated a target of zero tariff by 2010/2020.
- One is phasing down exceptions to its 0-5 percent general tariff.
- One has announced a schedule of significant reduction from the current high level of 23 percent to around 15 percent by 2000.
- Two others are implementing and refining their Osaka Initial Actions by providing not only a deadline but the time frame to achieve general tariff reductions.

Box 2	
Salient Features: Tariff Action Plans of APEC Economies	
Economy	Actions
Australia	<ul style="list-style-type: none"> • Phase down exceptions to the 0-5% general applied tariff to the year 2000 including on passenger motor vehicles, textiles, clothing and footwear, cheese and vegetables • Review by 2000 general applied tariff rate and exceptions, subject to certain conditions
Brunei	<ul style="list-style-type: none"> • Progressively reduce tariffs to zero by 2020, with some exceptions
Canada`	<ul style="list-style-type: none"> • Phasedown MFN tariff rates on manufacturing inputs on 1500 lines by 1999 • Phasedown GPT rates by 2004 • Conclude ITA to eliminate tariffs on information technology products by 2000
Chile	<ul style="list-style-type: none"> • Progressively reduce tariffs to 0% on most products by 2010
China	<ul style="list-style-type: none"> • Reduce simple average tariff to around 15% by 2000
Hong Kong	<ul style="list-style-type: none"> • Progressively bind at 0% on all imports by 2010
Indonesia	<ul style="list-style-type: none"> • Eliminate surcharges and reduce tariffs to a maximum of 5% and 10% by 2003
Japan	<ul style="list-style-type: none"> • Expand Tariff Elimination Initiative on pharmaceuticals by 2000 • Conclude ITA to eliminate tariffs on information technology products by 2000
Korea	<ul style="list-style-type: none"> • Eliminate tariffs on ships from 1997 • Consider revising tariff concession schedule
Malaysia	<ul style="list-style-type: none"> • Reduce/abolish import duties on certain items, including canned food, dental and medical supplies, cosmetics, paper products and printed paper in 1997 • Continue with unilateral tariff reductions under annual budget exercise
Mexico	<ul style="list-style-type: none"> • Reduce tariff on information technology products as part of ITA under negotiation starting 1999
New Zealand	<ul style="list-style-type: none"> • All imports duty free by 2010
Papua New Guinea	<ul style="list-style-type: none"> • Reduce to 5% tariff on basic steel, aluminum, capital equipment, machinery, basic chemicals, chemical agricultural inputs by 1997

Philippines	<ul style="list-style-type: none"> • Revise standard rates, with a view to progressive reduction by 2000 • Progressively reduce to targeted uniform rate of 5%, except sensitive agricultural products by 2004
Singapore	<ul style="list-style-type: none"> • Progressively bind tariffs at 0% by 2010
Chinese Taipei	<ul style="list-style-type: none"> • Progressively reduce average tariffs to around 6%, with about 65% at 5% or below, by 2010; review the possibility of deepening the reduction
Thailand	<ul style="list-style-type: none"> • Regularly review import duties with a view to reducing domestic protection • Review possibility of revising tariff concession schedule
USA	<ul style="list-style-type: none"> • Proposed negotiations towards zero tariff under ITA by 2000

All members undertake to individually address NTMs by way of review, reduction or elimination of non-WTO consistent measures. The action plans together with last year's Osaka Initial Actions, indicate that eight of the APEC members outline specific steps for time-bound NTM reduction actions.

A collective commitment is also made to progressively reduce and eliminate export subsidies, and unjustifiable export prohibitions and restrictions, including an endeavor to refrain from taking any such new measures. The process will begin in 1997, through the exchange of information on such practices, utilizing existing WTO formats as a reference, with the aim of collective development of approaches within APEC in the medium term which will lead to reduction and elimination of such measures within the Bogor Declaration time frame.

A more transparent trade regime will be achieved.

- The APEC database on customs information and applied tariffs of all members will be made Internet-accessible in 1997 (currently available on CD ROM). By 1998, the database will be expanded to include information on trade flows and non-tariff measures. Individual APEC economies will provide regular updates as changes occur.
- Furthermore, a list of measures recognized as non-tariff impediments to trade among APEC economies and a list of products affected by them will be drawn up by 1998.

Members also agree to submit to APEC Ministers in 1999 a list of priority sectors developed through consensus among members and in consultation with business, in which progressive reduction of tariffs and non-tariff measures may have a positive impact on trade and economic growth or for which there is regional industry support for early liberalization in APEC. For instance, there is also broad support among members for further tariff reduction on information technology products, which is particularly significant, given the commercial importance of this sector to APEC economies and commitments later in the MAPA to reduce the costs of doing business.

MAPA HIGHLIGHTS

Enhancing Market Access in Services

APEC members have worked towards the objective set by the Osaka Action Agenda to progressively open services markets by reducing restrictions to market access and providing for *inter alia* MFN and national treatment for traded services.

More specifically, members have:

- actively participated in the WTO negotiations in services,
- included in their action plans undertakings in a wide range of service sectors,
- made new undertakings which enhance the opportunities for service suppliers to establish new businesses in member economies, and
- made possible new collective goals in the service sector, including an undertaking to examine the scope for applying the WTO outcomes on accountancy services to other professions.

APEC process reinforces multilateral liberalization

Members contribute in a positive way to the General Agreement on Trade in Services (GATS) negotiations. This is important since a number of service sector negotiations are continuing, for example on basic telecommunications and financial services. Commitments in these areas are listed in the IAPs of the member economies. In some cases there are undertakings in the IAPs that complement and go beyond the GATS in coverage and depth of commitment. In others, members note that they remain committed to their offers in the GATS which will be implemented once the negotiations are completed.

Some individual liberalization measures beyond GATS commitments are in the transport sector. In aviation, some members are opening up their markets in freight and passenger transport and are willing to negotiate open skies agreements. In international shipping, one member will eliminate restrictions on cabotage by the year 2000.

Box 3	
Market Opening Measures in Services - Selected Economies	
Economy	Undertaking
Australia	<ul style="list-style-type: none"> • Maritime cabotage protection will be rolled back by 2000
China	<ul style="list-style-type: none"> • Number of operational foreign branches in banking, insurance and securities will be increased between 1997 and 2000
Korea	<ul style="list-style-type: none"> • Remaining limits on foreign investment in distribution (except wholesale meat) will be removed by 2000 • Air freight handling services will be liberalized by 1997 • Foreign equity ratio in air transport will be allowed up to 50% by 2000 • Limits on foreign investment in ocean-going cargo transport will be lifted by 1999 • Cargo reservation system in favor of domestic vessels will be removed by 1998 • Petroleum refining industry and legal services will be opened to foreign investment by 1999 and 1997, respectively
Malaysia	<ul style="list-style-type: none"> • Foreign brokerage firms will be allowed to acquire up to 49% equity in domestic firms • Foreign equity in domestic funds management firms will be raised to 70%
Philippines	<ul style="list-style-type: none"> • Management of multi-modal operations and auxiliary services to shipping will be opened up • Liberalization of finance companies, underwriting of securities and management of mutual funds will be considered between 1997 and 2000
Chinese Taipei	<ul style="list-style-type: none"> • Foreign lawyers will be permitted to establish offices and supply a number of services by 2000. The scope for partnerships with local lawyers will be reviewed • Foreign firms will be permitted to set up travel agencies • Banking, insurance and securities services will be opened up between 1997 and 2000
Thailand	<ul style="list-style-type: none"> • Up to 25% foreign equity will be allowed in insurance. Beyond 2000, lifting this cap will be considered
United States	<ul style="list-style-type: none"> • Offer to negotiate open skies agreements with APEC partners

APEC members are following through on Osaka

Undertakings of members in the IAPs demonstrate their commitment to comprehensive services liberalization and facilitation as required in the Osaka Action Agenda. Members have undertaken to implement progressive liberalization in a wide range of service sectors, including telecommunications, transport, energy, tourism, retail trade and business/professional services. These are expected to generate greater cross-boundary movements of capital, skills, and people.

A number of APEC members already have substantially open service sectors. Others have relatively liberal services regimes and few restricted sectors. In general, transactions from home base are more open than those which require establishment. In the latter area, some APEC members have been undertaking individual measures which will allow broader participation to foreign firms which want to set up new businesses in their economies.

It is significant that many of these undertakings are in the financial sector. The increased role of the private sector in infrastructure development which is discussed in the next section suggests an increasingly diverse set of fund sources and a critical role for an efficient financial market.

Another sector in which significant liberalization has been made is telecommunications. This liberalization process and the development of a set of APEC principles for open trade in telecommunications are the foundation on which work toward the goal of ensuring, through the use of market methods, that every home and business has ready and affordable access to telecommunications.

Forward-looking offers by members to conclude the WTO negotiations on financial and basic telecommunications services within agreed time frames would also enhance the development of financial and communications infrastructure in the Asia-Pacific region.

Building internationally competitive service sectors

An internationally competitive service sector will enhance members' ability to respond to challenges brought about by structural change and sustained growth.

Members have thus embarked, individually and collectively, on an agenda to bring about a competitive services sector. The measures they have taken aim to:

- strengthen the financial system for infrastructure building,
- upgrade worker skills,
- improve distribution and communications systems, and
- create opportunities for business in areas like professional services, financial intermediation, construction, telecommunications and data processing, among others.

The MAPA spells out the strategies of the APEC members on important steps towards a comprehensive services agenda.

Building an internationally competitive service sector is in the interest of individual members. But the agenda raises a number of issues where collective action is worthwhile, including the sharing of analysis of the design of competition policy, the work on standards, and the design of intellectual property regimes. Action on these issues is reported in other sections of the MAPA.

Mobility of professional services firms: the next steps

An important complement to meeting the challenges to growth in the region, including the need to develop economic infrastructure, will be the movement of professionals and business people.

These movements can be frustrated by some measures, one of which is associated with the recognition of professional qualifications. The WTO Working Party on Professional Services is developing a draft set of guidelines for mutual recognition of qualifications in accounting services. Many members have undertaken to support the WTO in applying the outcomes on accounting more widely to other professional sectors including engineering and architecture.

Mobility of service professionals is also affected by immigration and residency rules. Members have agreed collectively to examine ways of streamlining arrangements for temporary residency of business people.

MAPA HIGHLIGHTS

Providing an Open Investment Regime

The OAA states very clearly that free and open investment in the Asia-Pacific is to be achieved through liberalization of investment regimes by progressively providing for MFN and national treatment, ensuring transparency, and facilitating investment activities through technical assistance and cooperation. There is also progressive inclusion of the national treatment principle in members' investment regimes.

Furthermore, there is also a collective commitment to refine APEC's understanding of free and open investment in the medium term.

Moving forward from the APEC NBIP

The landmark endorsement in 1994 of the APEC Non-Binding Investment Principles (NBIP) by APEC Ministers reflects a mutual understanding that the liberalization process needs to be done in a cooperative, consultative and non-confrontational manner. Never before has such a group of diverse economies agreed to liberalize capital flows in such a cooperative manner.

The action plans submitted include progressive reduction/elimination of exceptions and restrictions and complement the APEC Non-Binding Investment Principles. They reflect the diverse nature of the APEC economies in the balanced package of investment liberalization, facilitation and technical cooperation that they offer.

- Economies with relatively liberal investment regimes and few restricted sectors have addressed their remaining impediments and also stand ready to participate in technical cooperation to assist other economies in progressing towards an open and transparent investment regime.
- Some action plans move towards the adoption of the national treatment principle of providing equal treatment between foreign and domestic investors by reducing the number of sectors closed or restricted to foreign investments, although many include a phase-in period due to the sensitivity of sectors like telecommunications, broadcasting, financial services, distribution and transportation. Nevertheless there is a commitment by many economies to ease restrictions in these areas. Some economies which are at the beginning of the process have committed to review areas for liberalization.
- Tangible evidence of the collective commitment by APEC members to ensure transparency of their investment policies is the publication of the third edition of the Guide to APEC Investment Regimes. It is now not only accessible in bound format, but also in electronic format through the Internet.
- Furthermore, APEC has recognized the value of engaging in continuous dialogue with the business community to ensure that its policy direction is both meaningful and credible. In order to realize this objective, APEC has established a series of Private Sector Investment Symposia aimed at fostering engagement between the APEC Investment Experts group and representatives from the business community throughout APEC. The second investment symposium was held in Tokyo this year and the third symposium will be held in Hong Kong in 1997. Suggestions for improving the investment

environment were put forward at the Symposium in Tokyo and will be considered next year.

Box 4 Specific Investment Liberalization Measures Selected APEC Economies	
Economy	Undertaking
Australia	<ul style="list-style-type: none"> • Rationalize real estate (1997) • Review screening system for non sensitive sectors (1997)
Canada	<ul style="list-style-type: none"> • Extend NAFTA investment review thresholds to all WTO members
Indonesia	<ul style="list-style-type: none"> • Simplify existing Negative List for investments
Japan	<ul style="list-style-type: none"> • Lift prior notification requirement in mining (1997)
Korea	<ul style="list-style-type: none"> • Liberalize 92 business sectors (1997-2000)
Mexico	<ul style="list-style-type: none"> • Eliminate the 49% limit on FDI in the manufacture and assembly of auto parts, equipment and accessories in 1999 • Gradually increase FDI participation in international land transportation (passengers, tourism and freight) from 49% to 51% in 2001, and to 100% in 2004 • Simplify and reduce all administrative requirements related to FDI registration and authorization in 1996
Papua New Guinea	<ul style="list-style-type: none"> • Consider phase-out of Reserve Activities List
Philippines	<ul style="list-style-type: none"> • Consider liberalization in, <i>inter alia</i>, regional headquarters, finance, real estate (2000)
Chinese Taipei	<ul style="list-style-type: none"> • Review and revise Statute for Investments by Foreign Nationals, <i>inter alia</i>, on types of capital, remittance (2000)
Thailand	<ul style="list-style-type: none"> • Consider amendments to Alien Business Law, progressively reduce restrictions on establishment/expansion of factories in certain industries (2000)

MAPA HIGHLIGHTS

Reducing the Cost of Doing Business

A key objective of MAPA is to reduce the cost of doing business by liberalizing trade, eliminating unnecessary administrative burdens and bringing down technical barriers to trade through the use of new technologies and/or cost-efficient processes. The whole of 1996 saw a busy pace of consultations, technical discussions on measures considered necessary to achieve the MAPA objective of trade facilitation. The efforts produced practical results and saw notable undertakings consisting of both liberalization and facilitation measures.

Box 5

Key Undertakings to Reduce the Cost of Doing Business

- Move towards a paperless and harmonized customs system.
- Conclude mutual recognition arrangement on conformity assessment for standards and alignment with international standards.
- Provide information on and simplify visa arrangements for business travelers and continue dialogue with business people on ways to improve their mobility.
- Ensure transparency in government procurement policies and procedures and for majority, government procurement opportunities.
- Provide adequate and effective IPR protection regimes.
- Promote effective use of mechanisms for settlement of private/private and private/government disputes.
- Take collective action to identify and establish appropriate cooperation arrangements on competition policy.
- Publish annual reports detailing deregulation measures taken by each economy.

A 1994 study prepared by UNCTAD showed that 7–10 percent of the value of goods traded internationally consists of the cost of import documentation and other formalities. The average international transaction involves 27–30 different parties, 40 documents, 200 data elements (30 of which are repeated at least 30 times) and re-keying of 60–70 percent of all data at least once.

These transaction formalities and costs are apart from the separate costs incurred in complying with diverse standards and technical regulations (or from the business opportunity lost by inability to comply). They include delays in the issuance of visas to business people, the cost of compliance with complex and variable customs procedures, missed opportunities and/or additional costs from non-transparent government procurement procedures, litigation costs, prohibitive R and D investment costs and loss of competitiveness from failure to keep pace with technological developments. Together, transaction, administrative and "compliance costs" make up a considerable percentage of total business costs. They not only serve to make products less competitive; they could also be debilitating particularly to

small and medium industries which make up well over 90 percent of enterprises in the region.

Reduction of business costs and simplification of procedures therefore assume a strategic relevance for APEC in this context, in addition to its catalytic effect in actualizing the gains from trade and investment liberalization within the region.

Customs Procedures

APEC will work to reduce transaction costs arising from complex customs administrative requirements with the intention of moving to a paperless system, and to operate simplified, harmonized, efficient and transparent customs rules and procedures throughout the region.

Burdensome and non-transparent customs administrative requirements with their attendant costs and delays continue to be the bane of business people all over the world, including those in the APEC region. To address this problem, APEC economies agreed to undertake a host of client-focused measures.

Box 6

Undertakings on Customs Procedures

- Simplifying, harmonizing and then computerizing customs procedures
 - By year 1996 harmonize tariff nomenclatures up to the 6-digit level of the Harmonized System
 - By 1998 accede to and/or simplify on the basis of the Kyoto Convention (simplification and harmonization of customs procedures)
 - By 2000 adopt WTO Agreement on Customs Valuation principles
 - By 1999 automate customs clearance systems by implementing the UN/EDIFACT
 - By 2000 facilitate temporary admission of goods for re-export through accession to ATA Carnet Convention
- Transparency of customs laws and procedures
 - By 2000 introduce clear appeal provisions
 - Provide advanced rulings on tariff classifications
 - By 2000, establish border enforcement measures for protection of intellectual property rights provided in the WTO Agreement on Trade Related Intellectual Properties (TRIPS)
 - By 1998, publish information on administrative guidelines, procedures and rulings in addition to customs laws and regulations
- Customs modernization and capability build-up
 - Strengthen and participate in Customs Technical Cooperation Programs designed to share expertise
 - Provide comprehensive technical assistance to those members which require assistance to implement each of SCCP work plan items by the target dates

Standards and Conformance

Members have agreed to reduce the cost of compliance with diverse standards and technical regulations imposed by the 18 APEC economies.

Standards are necessary to safeguard consumer health and safety and to protect the environment. Notwithstanding this, these diverse standards and technical regulations along with the corresponding testing procedures for compliance effectively limit market access by preventing economies of scale, raising production and/or testing costs and increasing the possibility of products being rejected at the customs border of the importing economy.

APEC economies have made undertakings on standards and conformance to reduce the cost of compliance with these requirements, remove their arbitrariness to enhance market access.

Box 7

Undertakings on Standards and Conformance

- Accelerate work, through the conclusion of Mutual Recognition Arrangement (MRA) on Conformity Assessments, to assess the competence and adequacy of institutions to conduct testing and/or issue certifications that products meet agreed standards of quality and performance. These standards are either mandatory for certain governments or are voluntary (imposed only by the trade).
- In 1996, agreed to a mutual recognition arrangement on conformity assessment on food and food products on a voluntary basis.
- In 1996, agreed to promote the exchange of information on toy safety.

- Consider MRAs on six (6) additional priority regulated sectors (building materials including cement, electrical and electronic equipment [safety], electromagnetic compatibility, heating and cooling equipment, medical devices, particularly but not restricted to devices of plastic and rubber, and pressure vessels.)
- Enter into MRAs (bilaterally or multilaterally) for voluntary sectors in cooperation with regional specialist bodies.
- Complete Phase III of the Road Transportation Harmonization Project to analyze 51 priority vehicle design features subject to regulation in the region. Project will lead to greater transparency of road vehicle standards and will identify areas where standards can be harmonized and MRAs agreed, facilitating trade in vehicles.
- Develop model MRAs for telecommunications and implementation on an elective basis.

- Enhance global market access of goods/services of APEC economies by
 - Aligning by 2000/2005 mandatory and voluntary standards with international standards particularly those on electrical and electronic appliances (air conditioner, television, refrigerator, radio and its parts, and video apparatus), food labeling, rubber gloves and condoms and machinery. An APEC Guide on Alignment of member economies' standards with international standards was agreed this year to start the process.
 - Actively participating in standardization activities of international standardization bodies (ISO and IEC) on building and construction and hazardous area equipment.

- Adopted (in 1996) a Mid-Term Technical Infrastructure Development Program to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors.
 - Identify starting 1997 specific requirements/or activities in the areas of metrology and measurement standards, testing/calibration, laboratory accreditation, accreditation of quality system certification bodies, quality system certification and standards writing.
 - From 1996, provide assistance for the improvement of other economies' technical infrastructure.
- Ensure the transparency of the standards and conformity assessment of APEC economies.

Mobility of Business People

APEC economies agree to facilitate the mobility of business people throughout the region using a variety of unilateral, collective and multilateral measures.

The success of the APEC process rests on the ability of its business people to exploit the opportunities resulting from the liberalized environment in a timely and cost-efficient manner. To do this, business people have to be able to move quickly through the region to validate prospects, discuss with prospective partners and to conclude deals.

Box 8

Actions to Ease Mobility of Business People

- Exploring possibility of business travel facilitating measures such as an APEC-wide business travel card which could be used among interested economies. Three economies shall immediately implement the business travel card on a pilot basis.
- Individual economies are unilaterally taking actions to facilitate business travel, e.g., simplifying/streamlining visa issuance procedures. One has introduced multiple entry business visas from the start of the year and another has declared its intention to issue similar visas soon.
- Undertaking to facilitate visa issuance; six economies shall endeavor to computerize relevant processes.

Meanwhile, transparency is to be enhanced with the publication this year of the *APEC Business Travel Handbook*. Apart from providing information on members' visa regimes, this project can serve to benchmark future liberalization and facilitation efforts.

Government Procurement

Government procurement presents tremendous opportunities for regional trade in both goods and services arising from the liberalization of this sector within the region. However, its full trade potential has been barely explored due to the difficulty of securing information on government policies and procedures as well as on actual government procurement opportunities. A key achievement of APEC this year has been the undertaking of all economies to provide transparency and to examine the possibility of a broader discussion in the WTO on transparency, openness and due process in government procurement.

Box 9	
Undertakings on Government Procurement	
<ul style="list-style-type: none"> • • • • 	<p>Ensure transparency in procedures.</p> <p>Provide access to data bases and establish contact points in respective economies.</p> <p>Provide transparency on procurement opportunities.</p> <p>Provide access to information on procurement policies, procedures and opportunities through the APEC Government Procurement Home Page. (http://www.apecsec.org.sg/gphone.html).</p>

Rules of Origin

APEC economies recognize that following the WTO Agreement on Rules of Origin, clear and predictable rules of origin and their application facilitate the flow of international trade. They have, therefore, agreed to actively participate in the ongoing WTO/WCO harmonization work on non-preferential rules which is designed to ensure that rules of origin do not create unnecessary obstacles to trade; do not nullify or impair the rights of WTO members; to provide transparency of laws, regulations and practices regarding rules of origin and to ensure that rules of origin are prepared and applied in an impartial, transparent, predictable, consistent and neutral manner.

Box 10	
Undertakings on Rules of Origin	
<ul style="list-style-type: none"> • • • 	<p>Ensure full compliance with internationally harmonized rules of origin to be adopted in relevant international fora.</p> <p>Ensure that rules of origin are prepared and applied in an impartial, transparent and neutral manner.</p> <p>To achieve transparency, complete the publication in 1997 of a 2-volume compendium on Rules of Origin within APEC. This will guide the private sector on APEC economies preferential and non-preferential rules of origin.</p>

Intellectual Property

Rapid diffusion of technology and its timely application is a crucial determinant of competitiveness. On the other hand, the high cost of research and development requires full and effective protection of intellectual property rights to enable their owner to recover their investment and at the same time, encourage them to share technology and new knowledge through licensing and other arrangements. APEC economies undertake concerted actions designed to deal with these issues.

Box 11
Undertakings on IPR

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| | <ul style="list-style-type: none"> • Align domestic legislation with WTO Agreement on Trade-Related Aspects of Intellectual Property Rights according to WTO timetables. A number of economies have already advanced implementation. • Provide adequate and effective protection, administration and enforcement of Intellectual Property Rights. • Expand bilateral technical cooperation in selected areas – patent search and examination, computerization, human resource development and information exchange. |
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Dispute Mediation

Misunderstandings and conflicts inevitably arise from increased business activities and could act as a damper to trade and investment if not resolved with efficiency and at minimum cost to the parties involved. Economies agreed to increase awareness and encourage the use of existing dispute resolution mechanisms to facilitate and secure early resolution of trade and investment-related disputes in areas covered by the APEC process.

Box 12
Undertakings on Dispute Mediation

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| | <ul style="list-style-type: none"> • Publish by 1997 a list of dispute settlement mechanisms (arbitration, mediation and conciliation services) available in each economy • Promote use by the business sector of existing dispute resolution mechanisms to achieve amicable and effective resolution of disputes with minimum disruption of business activities between private parties and between the government and private parties • Discuss options for a dispute mediation service including in particular the use of the "Trade Policy Dialogue" of the Committee on Trade and Investment |
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Deregulation and Competition Policy

Share information on deregulation experience and collectively identify and establish appropriate cooperation arrangements on competition policy among APEC economies.

The relevance of deregulation policy and competition policy has been noted in a number of other areas in the MAPA, including the terms of access to infrastructure and reduction of costs to users of telecommunication and information services. In fact, competition policy and deregulation are coupled in APEC's collective work program. There is growing recognition in the IAPs of the links between deregulation, competition policy and the promotion of competition in markets.

APEC economies have made great strides in deregulating markets and improving the competitive framework of their economies. However, it is also recognized that competition policy is a complex area where progress will be achieved by sharing of information and experience as well as technical cooperation activities undertaken in 1996. Further cooperation is valuable in this area.

At the same time, economies agree that further progress in these areas can be achieved by sharing information and experience and undertaking technical cooperation activities particularly in the complex areas of competition policy, competition laws and their enforcement, and their interrelationship with other policies related to trade and investment.

Box 13 Undertakings on Deregulation and Competition Policy	
<ul style="list-style-type: none">••	<p>Take collective action to identify and establish appropriate cooperation arrangements on competition policy</p> <p>Starting in 1996, publish a deregulation report annually which details actions taken by APEC economies to deregulate their domestic regulatory regimes</p>

MAPA HIGHLIGHTS

Building an Open and Efficient Infrastructure Sector

Efficient infrastructure is a powerful contributor to growth in the region and to strengthening the sense of community within and among APEC member economies. Securing and increasing private sector participation in infrastructure building will help ensure adequate and quality infrastructure. APEC members are committed to deepening the public-private partnership to meet the infrastructure challenges in the region. These are reflected in the following:

- Individual Action Plans (IAPs) containing specific actions that will build and strengthen public/private partnership.
- An Action Programme for economic infrastructure prepared.
- Experiences shared on Best Practices in infrastructure.
- Cooperative actions initiated to give impetus to the development of the telecommunications and energy sectors, including:
 - Recognition of the Reference List of Elements of a Fully Liberalized Telecommunications Sector by the APEC Telecommunications Ministers.
 - Endorsement of the agreed Non-Binding Energy Policy Principles by the APEC Energy Ministers.
- An Asia Pacific Energy Research Center set up in Japan.

Background

In the past, most infrastructure facilities were provided by government, and foreign participation tended to be excluded, resulting in monopolies and an absence of pressure to be innovative and efficient. Lack of transparency in public infrastructure policies also created uncertainties for the private sector users or potential investors.

At the same time, the scope for private sector participation was limited by the lack of development of financial markets. Expectations that the private sector did not have the resources to play a role were reinforced.

Meanwhile, the scale of the task has grown enormously. The World Bank estimates that the investment in infrastructure for the East Asian developing economies alone will be in the order of US\$1.5 trillion for the period 1995–2005.

A public/private partnership

APEC members are committed to increased participation of the private sector in the construction, management and ownership of infrastructure facilities. This commitment, alongside macroeconomic stability and a series of sector specific reforms in APEC economies, will help deal with the issues in the region's infrastructure.

The key to reducing the constraint is a public/private sector partnership. Some economies are also exploring arrangements for risk-sharing between government and the private sector.

Sector specific proposals are contained in the IAPs of member economies. These include:

- Raising if not totally removing the caps on foreign participation
- Encouraging joint ventures
- Expanding geographic access by foreign firms within member economies
- Relaxing constraints on the employment of foreign nationals
- Removing foreign exchange restrictions
- Reviewing taxation and immigration restrictions on foreign suppliers
- Reforming price setting systems
- Accepting mutual recognition of conformity assessment

Action Programme for Economic Infrastructure

Under the Action Programme on Infrastructure, APEC is working to improve the environment for private sector investment in infrastructure, drawing on business advice obtained through Public-Private/Business Sector Roundtables on key issues such as "best practices" in risk management and mitigation, as well as discussions by APEC Finance Ministers on ways to improve the flow of funds to infrastructure and to use technical assistance and financing/guarantee facilities of international financing institutions. Sectoral infrastructure issues in the energy, transportation and telecommunications sectors are also a key part of APEC's overall infrastructure work.

The Action Programme has two parts: common policy concepts and joint activities/dialogue. The common policy concepts reflect the goals of the member economies in the provision of infrastructure; basic principles which recognize the diversity in the capacity and needs of the APEC economies; and priority activities. The joint activities involve the conduct of analytical work on issues affecting infrastructure as well as exploring ways to enhance the environment for infrastructure.

Telecommunications

The goal of universal telephone access is a vital part of the community building process in APEC. This agenda will also reduce the costs of doing business. It will create new business opportunities and new delivery systems for services, education and health for example. Businesses now not even imagined will be created. It will bring the members closer together.

APEC members will accelerate the work to extend telephone access to every APEC business and household. This commitment entails the implementation of individual and collective actions associated with the Osaka Action Agenda and consistent with the Reference List of Elements of a Fully Liberalised Telecommunications Services Sector (Box 14) which has been recognized by the Ministers responsible for the telecommunications and information industry. Its concept of universal access is an outcome of a market oriented approach. It is not the result of monopoly provision and the application of a policy of restrictions on entry in conjunction with cross subsidies between users.

Many members have already made substantial progress towards opening up their telecommunications sectors. Box 15 summarizes the IAP commitments of APEC members in the telecommunications sector.

Many members are significantly deregulating their domestic telecommunications markets. So far, mobile services and value-added services such as paging, cellular, and satellite communications, etc. are generally relatively more open than basic telecom services. This trend towards deregulation among the members reflects their recognition of wider access to telecommunications services at lower cost. The work of the WTO Negotiating Group on Basic Telecommunications is vital to this process. Talks of this group are scheduled to conclude by February 1997. Nine APEC members explicitly commit themselves to these negotiations in their IAPs. They will build the critical mass which will resolve outstanding issues and push the negotiations to a successful conclusion.

Box 14
**Reference List of Elements of a Fully Liberalised
Telecommunications Services Sector**

The following elements are recognised as a general description of a fully liberalised telecommunications services environment towards which each economy will plan its own path, in line with the prevailing legal and regulatory environment and government structure of each economy, within the framework of the Bogor Declaration timetable for achieving free trade and investment in the APEC region.

- In a fully liberalised telecommunications sector, users would have:
 - a choice of suppliers of telecommunications services offering a full range of services, including telephony, data, news and information, and fully interactive services,
 - a choice of suppliers of telecommunications services offering lower prices, greater convenience or specialist service offerings, and
 - ready access to timely information about customer services and billing.
- In a fully liberalised telecommunications sector, suppliers of telecommunications services would be able to extend their business activity without restrictions on entering the market, including:
 - restrictions on the number of network providers or installers of network infrastructure, except where limited by scarce physical resources,
 - complex or time-consuming licensing arrangements,
 - restrictions on foreign-owned carriers and service providers, or
 - restricted access to the network infrastructure of other suppliers (i.e., interconnection).
- In a fully liberalised telecommunications sector, suppliers of telecommunications services and users would both benefit from a full range of competitive safeguards that:
 - prevent a dominant supplier from abusing market power,
 - prevent domestic companies being favoured, and
 - provide clear and accessible (i.e., ‘transparent’) laws, regulations and administrative procedures, which would ensure non-discriminatory treatment of service providers and users.
- In a fully liberalised telecommunications sector, investors would have confidence to invest in the telecommunications industry and in companies reliant on telecommunications services, on the basis of stable legal and administrative arrangements that remove the risk of arbitrary or unexpected changes in the commercial environment.

- In a fully liberalised telecommunications sector, Governments would have clearly defined responsibility to:
 - provide for transparent and non-discriminatory policy arrangements to meet the needs of their economies,
 - ensure that the regulatory authority responsible for telecommunications is legally and structurally independent, with a legal responsibility to act impartially and expeditiously, and with adequate resources to fulfill its function,
 - ensure transparent mechanisms to support universal access to standard telecommunications services as agreed within each individual economy,
 - allocate scarce resources fairly, such as spectrum, numbering and right of way, and
 - provide a full range of consumer protection measures.

Box 15
Summary of IAP Commitments on Telecommunications

Economy	Summary of IAP Commitments
Australia	<ul style="list-style-type: none"> • Full and open competition by 1 July 1997 and partial (one-third) privatization of the previous monopoly carrier.
Brunei	<ul style="list-style-type: none"> • Sector liberalisation will be selectively considered and implemented.
Canada	<ul style="list-style-type: none"> • Remove remaining small local monopolies (subject to WTO outcome).
Chile	<ul style="list-style-type: none"> • Sector is open.
China	<ul style="list-style-type: none"> • Work out a program for compliance with international rules for trade in value-added network services.
Hong Kong	<ul style="list-style-type: none"> • Sector is open except for some international basic services provided by a licensed monopoly supplier. Review with a view to opening up these international services to competition upon expiry of the license in 2006.
Indonesia	<ul style="list-style-type: none"> • Identify excessive restrictions on market access.
Japan	<ul style="list-style-type: none"> • Abolish provisions preventing the establishment of excess telecommunications facilities and review the market access restrictions for General Type 1 telecommunications carriers to further facilitate the entry of new participants in the market.
Korea	<ul style="list-style-type: none"> • From 1998, abolish restrictions on the number of service suppliers but with entry subject to a 33% cap on foreign investment in all basic services.
Malaysia	<ul style="list-style-type: none"> • Under GATS, committed to opening up certain value-added services and foreign entry.
Mexico	<ul style="list-style-type: none"> • Restrictions on market access and MFN treatment and national treatment will be removed, where appropriate.
New Zealand	<ul style="list-style-type: none"> • Sector is open.
Papua New Guinea	<ul style="list-style-type: none"> • Sector is open.
Philippines	<ul style="list-style-type: none"> • Eliminate a franchising requirement for value-added service suppliers.
Singapore	<ul style="list-style-type: none"> • Offer more mobile licenses from April 1997.
Chinese Taipei	<ul style="list-style-type: none"> • Open up domestic long distance and international services to competition from 2001 (subject to caps on foreign ownership).
Thailand	<ul style="list-style-type: none"> • Progressively privatize service providers.
United States	<ul style="list-style-type: none"> • Sector is open.

Energy

APEC economies' rapidly increasing demand for energy in an environmentally responsible way will be essential if the region's economic growth potential is to be fully realized. In this regard, the response of many APEC members has been outstanding as evidenced by the unilateral reforms carried out in the sector as documented in the IAPs.

On a collective basis, APEC members have developed non-binding energy policy principles that will enhance closer cooperation in the sector and at the same time guide the formulation of domestic energy policies. The set of non-binding principles, which appears in Box 16, has been endorsed by the Energy Ministers.

Box 16 Agreed Non-Binding Energy Policy Principles	
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| | <ul style="list-style-type: none">• Emphasize the need to ensure energy issues are addressed in a manner which gives full consideration to harmonization of economic development, security and environmental factors.• Pursue policies for enhancing the efficient production, distribution and consumption of energy.• Pursue open energy markets for achieving rational energy consumption, energy security and environmental objectives, recommending action in the appropriate forum of APEC to remove impediments to the achievement of these ends.• Recognize that measures to facilitate the rational consumption of energy might involve a mix of market based and regulatory policies, with the relative components of the mix being a matter for the judgement of individual economies.• Consider reducing energy subsidies progressively and promote implementation of pricing practices which reflect the economic cost of supplying and using energy across the full energy cycle, having regard to environmental costs.• The regular exchange of experience on the various policies being used by member economies to achieve a more rational energy consumption.• Ensure that a least cost approach to the provision of energy services is considered.• Promote the adoption of policies to facilitate the transfer of efficient and environmentally sound energy technologies on a commercial and non-discriminatory basis.• Encourage the establishment of arrangements for the development of human resource skills relevant to the application and operation of improved technology.• Enhance energy information and management programs to assist more rational energy decision making.• Encourage energy research, development and demonstration to pave the way for cost effective application of new, more efficient and environmentally sound energy technologies.• Promote capital flows through the progressive removal of impediments to the funding of the transfer and adoption of more energy efficient and environmentally sound technologies and infrastructure.• Promote cost effective measures which improve the efficiency with which energy is used but reduce greenhouse gases as part of a suggested regional response to greenhouse gas reductions. |
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| <ul style="list-style-type: none">• | Cooperate, to the extent consistent with each economy's development needs, in the joint implementation of projects to reduce greenhouse gas emissions consistent with the Climate Change Convention. |
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The APEC Energy Working Group is implementing a program of work aimed at facilitating increased private sector investment in power infrastructure through a series of practical, cooperative actions. The work program, which was recommended by representatives of the business sector and endorsed by APEC Energy Ministers, will address some of the major issues identified by the business sector as requiring urgent action. These include developing non-binding guidelines, based on international best practice, for tender/bid processes and permits/approval processes for independent power producers (IPPs), and enhancing the regulatory conditions for investment in power infrastructure. The work program is being implemented in partnership with the business sector.

As in the other infrastructure sectors, the contribution of the private sector in the provision of energy services is critical. Many APEC economies such as China, Indonesia, Malaysia, the Philippines and Thailand have commenced implementation of power development programs by the private sector, commonly referred to as independent power producers. Of particular note is the experience of the Philippines in mitigating its power supply crisis in the early 1990s.

Public/Private Partnership: Best Practices

With the government providing the proper macroeconomic fundamentals as well as a transparent and predictable legal and regulatory framework, the role of the private sector is encouraged. Business can play a role as a consequence of the privatization of government owned firms, or as a result of the use of strategies such as Build-Operate-Transfer (BOT). Best practice examples of these activities are listed below (pages 35-37).

There are in principle different paths and sequences of steps to infrastructure sector reform. There is no one model which is appropriate for all APEC members. The private sector should not expect a "cookie cutter" approach to policy in this area. There are, however, some commonly accepted principles, as illustrated by those applying to the energy sector. The APEC process also plays a role by encouraging the comparability of policy in these sectors and facilitating the exchange of experiences. Its work facilitates the evolution in policy as members strive to attract the finance required for infrastructure development. An important example of this work was the July 1996 public-private sector Infrastructure Roundtable dialogue in Seattle, Washington. APEC has published the Roundtable dialogue and recommendations of the participants, as well as the case studies developed and discussed.

- **Northumberland Strait Crossing Project (NSCP) in Canada**

The NSCP is a 13.5km high level bridge structure linking New Brunswick to Prince Edward Island. This is the first significant BOT project undertaken in Canada which includes a full financial plan and 35-year concession period. The goal of the developer was to achieve a non-recourse financing solution and to obtain an equitable balance of contractual risk with the government of Canada. A unique form of real rate bond was developed to finance the project.

- **Hong Kong BOT Franchise for a New Strategic Road Link**

Involves construction of a dual-three lane expressway connecting the urban areas of Hong Kong with the northwest new territories. The franchisee is required to construct the project within 38 months at a fixed budget of US\$930 million. Franchisee shoulders all market risks and financial risks of cost overruns and late completion, with no financial or any other form of guarantee from government. However, the government is responsible for completing necessary statutory or administrative processes so project construction can start on time. For delays genuinely outside the control of the franchisee, risks are shared by government and the franchisee through extension of the construction/franchise period. A toll adjustment formula which sets out the objective criteria for determining toll increases during the entire franchise period was formulated to assure the franchisee of a reasonable return on investment.

Government support is manifested through effective coordination between relevant government departments to assist the franchisee in meeting his contractual obligations; a level playing field for investors through a clear and open tendering system; and a clear contractual and legal framework which reduces business risks while protecting the interests of government and the general public.

- **Toll Road Investment Program in Indonesia**

Indonesia's current toll road investment program calls for private sector investment in 767 kilometers of toll road estimated to cost US\$3.5 billion. Funding through an innovative international competitive bidding process that emphasizes transparency, risk allocation, speed of execution and effective communication between the public and private sectors.

Clear laws including policies on foreign investments and joint venture arrangements with state-owned enterprises, combined with a transparent bidding/selection process (where laws and regulations as well as requirements and procedures that must be met are clearly described), have helped attract investors in or bidders for BOT projects in Indonesia. Well-crafted tender documents have also helped mitigate risks associated with the program.

Effective communication is achieved through a committee composed of senior representatives of all major divisions plus legal, financial and technical consultants to review the tender documents in detail and reach a consensus thereon. The committee structure is also used in the tender and selection process to reach a consensus on issues as they arise and to evaluate bids.

- **Pagbilao Power Project in the Philippines**

One of the fast-track BOT power projects undertaken to alleviate the Philippines' power crisis. The Philippine Government provided a Performance Undertaking for the obligations and performance of the National Power Corporation – the power purchaser and fuel supplier for the project. Government also enacted the BOT Law and instituted reforms to improve the country's investment environment. Administrative procedures were simplified and the project was opened to transparent international competitive bidding. Multilateral development agencies and bilateral government agencies cooperated to provide long-term financing which helped mitigate various types of risks associated with the project.

- **High Speed Rail Project in Chinese Taipei**

The US\$17 billion 345 kilometer long high speed rail project in the western corridor of Chinese Taipei will connect the island's three principal metropolitan areas. It is a BOT project but government will be responsible for acquiring the needed land and providing funds to a significant portion of construction to assure financial feasibility.

A defined legal framework was established to demonstrate government support for the project and both the government and private investors share project risks. Fairness and transparency is achieved through the release of various assessments made by the government for potential investors to review and study and through regular meetings at management level to exchange views and ideas in the course of tender and evaluation procedures.

MAPA HIGHLIGHTS

Strengthening Economic and Technical Cooperation

Economic and technical cooperation (ECOTECH) in APEC supports and complements trade and investment liberalization. It addresses structural, policy and administrative bottlenecks to sustained and equitable growth, especially in developing APEC economies, and strengthens economic performance through accelerated technological development, training, sharing of "best practices", and other activities that promote the effective use of the region's resources and increase the effectiveness of policy measures. Towards this end, APEC economies have cooperated in the conduct of economic and technical cooperation joint activities to establish the conditions for growth and development. APEC economic and technical cooperation deepens the spirit of community in the Asia-Pacific region.

The following were notable achievements in economic and technical cooperation in 1996.

- **Adoption of the Manila Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development.** This declaration provides a framework to guide members in the implementation of Part II of the Osaka Action Agenda. It articulates the goals, guiding principles and themes for focused outcomes in key areas of APEC economic and technical cooperation.

For the first time, APEC, through the Economic Committee, undertook a comprehensive overview of APEC's work on economic and technical cooperation. The resulting report on the *State of Economic and Technical Cooperation in APEC* describes the nature of this work, the benefits that flow from it, the issues that it is addressing, and the scope for strengthening it by integrating the efforts of the various APEC fora through a results-oriented, outcome-based approach. It provides an integrated policy management tool for APEC Senior Officials to strengthen APEC's work in this key area.

The *1996 APEC Economic Outlook* elucidates both recent developments in the APEC region and the long-term determinants of growth. The report examines trends and policies of individual members and considers how resources can be most efficiently mobilized to spur long-run growth. Drawing on both theory and evidence, the report explores the contribution to growth of labor force development, physical capital investment, and total factor productivity. The report helps policy-makers understand the sources of growth as well as the importance of sustained growth.

- **Integrating Sustainable Development Across APEC's Work Program.** The APEC Ministers on Sustainable Development, recommended that APEC senior officials annually review sustainable development work in APEC for the purpose of coordinating and reviewing activities, providing guidance to APEC fora and measuring the success of their efforts. In 1996, a compilation was made of policies and practices for sustainable development to be used as guidelines for SMEs in the region; environmental education

and training programs for engineers were conducted; information was exchanged on environmentally friendly agricultural product measures and technologies; and best practice models for sustainable development were shared among economies.

- **Adoption of the Seoul Declaration on Science and Technology Cooperation.** The Second APEC Ministers' Conference on Regional Science and Technology Cooperation adopted a declaration which sets the goals for enhancing the creativity and mobility of scientific and technical men and women across regional economies in order to realize the vision of a community of Asia-Pacific as a center of gravity of world economic growth.
- **Establishment of the Labor Market Information (LMI) Framework to Address HRD Ministers' Call to Action.** The LMI Framework will promote joint researches, policy dialogues, exchange of officials and experts, and establishment of an LMI database on labor market trends, labor standards and qualitative information on regulations on labor migration, local employment, and labor laws of economies.
- **Establishment of the APEC Center for Technology Exchange and Training of Small and Medium Enterprises (ACTETSME) in the Philippines.** Recognizing the importance of SMEs in APEC economies, the ACTETSME was established in September 1996 to foster and promote entrepreneurship and SME training in the region. ACTETSME directly responds to the call of SME Ministers for APEC to undertake initiatives that would empower SMEs.
- **Adoption of the APEC Economic Infrastructure Action Program.** Responding to the huge infrastructure needs of APEC economies, this action program seeks to foster public-private sector partnerships, promote information sharing and enhance planning to maximize effectiveness and lower the cost of developing infrastructure. The program builds on APEC's infrastructure activities, including the public-private sector Infrastructure Roundtable and its published proceedings and case studies.
- **Setting Up the APEC Education Foundation.** In response to the APEC Leaders' Education Initiative which was launched in Seattle in 1993, the APEC Education Foundation was set up in 1996 to support activities which link economic enterprises and academic institutions for collaborative undertakings.
- **Establishment of the Asia Pacific Energy Research Center (APEREC).** APEREC was established in Tokyo in July 1996 and is managed under the guidance of the Energy Working Group. The immediate focus of APEREC's work is on the development of a regional energy outlook and on research which will foster member economies' understanding of energy issues and future energy supply and demand trends, thus providing an important input to energy policy deliberations.

Growing Number of Joint Activities

Since the foundation of APEC in 1989, member economies have developed and carried out a rapidly growing number of joint activities on a wide range of areas involving policy

dialogues, research, data and information sharing, training programs and seminars, sharing of technical expertise and experience, establishment of research and business networks, and many other similar undertakings.

Based on the October 1996 reports of APEC Working Groups and Fora, APEC member economies have jointly implemented at least 320 joint activities (and 151 sub-activities) in 13 important areas of economic and technical cooperation from 1992 to 1996. Some 151 have been completed, increasing dramatically in 1995 and 1996 after the Economic Leaders at Bogor called for the intensification of development cooperation in the region. A breakdown of completed projects in various areas is shown in Box 17. These are mainly in human resources development, energy, telecommunications, small and medium enterprises, trade promotion and tourism.

Box 17							
Breakdown of Completed APEC Joint Activities							
by ECOTECH Area and by Year							
APEC WORKING GROUP/ FORA	1996	1995	1994	1993	1992	Undated	TOTAL
Human Resources Development	15	14	-	-	-	5	34
Industrial Science and Technology	14	5	-	-	-	-	19
Small and Medium Enterprises	7	3	-	-	-	-	10
Energy	13	12	5	4	3	1	38
Transportation	1	-	-	-	-	-	1
Telecommunications and Information	3	5	2	-	1	-	11
Tourism	5	4	-	-	-	-	9
Trade and Investment	3	1	-	-	-	-	4
Trade Promotion	6	2	1	-	-	-	9
Marine Resource Conservation	2	2	-	-	-	-	4
Fisheries	-	-	-	-	-	6	6
Agricultural & Technical Cooperation	3	-	-	-	-	-	3
Economic Infrastructure	2	1	-	-	-	-	3
TOTAL	74	49	8	4	4	12	151

Data based on October 1996 Working Group and APEC Fora Reports

Economic and Technical Cooperation: A Dynamic Response to a Rapidly Changing Global Economy

Human capital is the region's main asset as well as the focal beneficiary of economic growth. Thus it is not surprising that 87 completed, ongoing and new joint activities focus on Human Resources Development. The completed HRD projects are concentrated on:

- Cross-cultural management
- Industrial technology education
- Analysis of the region's labor market
- Management and strengthening of small and medium enterprises
- Facilitating the mobility of persons and information exchange for HRD
- Developing ways to monitor performance of education systems

Notable among the completed projects in 1996 are the Labor Market Information (LMI) database homepage in the Internet, and researches on cross cultural management. The LMI makes available valuable economic and labor market data to government and business which can be useful for policy and operational decisions. The information from the LMI database also helps people to assess domestic and regional employment prospects and conditions. The cross-cultural studies bridge cultural gaps between managers, researchers and scientists involved in technical collaboration activities in the region while the HRD projects on SMEs address bottlenecks in SME development, especially in developing APEC economies.

Pursuant to the APEC Leaders' Education Initiative launched in 1993, APEC Study Centers have been established in fifteen economies, student exchanges and joint research projects undertaken, and the EDUNET has been established as a virtual university linking APEC educational communities for joint researches, distance learning and access to libraries.

The first Ministerial Conference on HRD held in Manila in 1996 enhanced APEC's HRD action program in five HRD priority areas:

- Analysis of labor markets
- Management and strengthening SMEs
- Facilitating mobility of persons and information exchange for HRD in economic growth
- Liberalization and facilitation of trade in services
- Executive re-education and development

Strengthening economic infrastructure has been an important focus of attention in APEC in recent years because infrastructure gaps loom large in the region. Unless effectively addressed, these gaps will adversely affect growth. But the investment requirements for doing this are so huge that public investments alone will not do the job. The participation of private capital has become necessary. This in turn requires policies and regulations that would encourage private capital to participate in infrastructure building.

ECOTECH joint activities related to infrastructure also complement the trade liberalization and facilitation efforts in the service sector.

The major ECOTECH accomplishments in the field of infrastructure are discussed in the section entitled Building An Open and Efficient Infrastructure Sector.

The joint activities encourage greater transparency in the policy environment, foster greater awareness of supply and demand dynamics in the region and their policy implications, and strengthen the institutional capabilities of member economies through information exchange, technical cooperation and training. Policy dialogues have also been enhanced with the regular biannual reports and updates of individual economies on their regulatory and policy environment (e.g., third edition of *Telecommunications Regulatory Environment in APEC Member Economies*).

Energy is fundamental to the region's continued economic development. In recognition of this, a wide range of projects have been conducted by the Energy Working Group. These projects have focused on increasing the efficiency with which energy is used, and reducing the environmental impacts of energy production and use.

In 1996, work commenced on a major demonstration project in the People's Republic of China involving the use of coal mine gas. Other activities include: technical training courses in clean coal technologies, development of a demand side management manual, development of an energy efficiency in conservation information system/database, and various surveys, studies, and workshops to promote information sharing in various areas of priorities identified in the Energy Action Program.

Energy Ministers had their inaugural meeting in August 1996 where they identified major energy challenges in the region.

The development of the region's capital markets has become critically important in view of the huge investments needed for the region's infrastructure and the maintenance of the region's robust economic growth. Thus, complementary work on **capital markets** in APEC is starting under the auspices of the APEC Finance Ministers, including the role of macroeconomic and financial regulatory policies to maintain a stable environment for capital flows and improve investor confidence. In their 1996 meeting, the APEC Finance Ministers called for further efforts to promote capital market development and facilitate private financing for infrastructure development. APEC economies, under the auspices of the Economic Committee, have also explored possible measures to promote private sector investments, and private-public sector dialogues in infrastructure development. Economies initiated coordination work to launch cooperation among export credit agencies in the region in the area of insurance and guarantee in order to promote private investment for infrastructure provision.

A significant number of APEC joint actions relate to **science and technology**. APEC's work on technology consists of:

- Policy dialogues

- Measures to improve the institutional capacity of member economies to use and generate new technology through improvements in science education and researcher exchange
- Improving the policy environment for technology transfer through enhanced intellectual property rights regimes in member economies

APEC is also starting cooperative activities in agricultural technology. The second Experts' Meeting in Agricultural Technical Cooperation in 1996 adopted a framework for cooperation on agricultural technology which identified the guiding principles and the appropriate mechanisms for cooperation.

Technology plays a decisive role in productivity improvement and economic growth in the region. As the region becomes increasingly integrated, APEC economies need to continually improve their capacity to absorb and apply both existing and emerging agricultural and industrial science and technology, and to develop new technologies for the future.

Small and medium enterprises are also a focus of priority attention in APEC. They are the backbone of the APEC economies since they account for 90 percent of enterprises in the region, contribute 30 to 60 percent of the region's GDP and are a source of 35 percent of the region's exports. The SME Action Plan was formulated to respond to the new challenges and opportunities facing SMEs in all APEC member economies, including the need to achieve sustainable development and to address the specific needs of women entrepreneurs in APEC. It identifies the five areas of human resources development, information access, technology and technology sharing, financing and market access as priority areas. Hence, SME is a cross cutting theme which is dealt with in various APEC fora.

The APEC Center for Technology Exchange and Training of SMEs (ACTETSME) was established in the Philippines to serve as a resource center for information networking and organizing SME-related training activities.

The SME Ministers adopted the recommendations to the leaders of the meeting in the Philippines:

- The importance of reaching out to the SMEs in the region
- The need to strengthen APEC work through participation of support groups contributing to the development of SMEs and further incorporation of SME-supportive policies throughout the APEC agenda

The HRD activities for SMEs, various studies on topics of interest to SMEs (e.g., best practices; industrial outlook study; marketing case studies and a training curriculum for SME managers in APEC; and a directory of support institutions for SMEs) and business matching and facilitation services contribute to the strengthening of SMEs.

APEC joint activities also cover **trade promotion** as well as the development of a trade and investment database. Both contribute to trade and investment facilitation, policy analysis and transparency of policies. Similarly completed are joint activities in tourism aimed at common

understanding of impediments to tourism growth in the region and the development of eco-tourism in the region.

Finally, it is important to note that in recent years, a significant number of joint activities have emerged to address **sustainable development** concerns in APEC. The activities under industrial science and technology, energy, tourism, HRD, fisheries and marine resource conservation in these areas are notable. The first Meeting of Ministers on Sustainable Development held in 1996 produced an Action Programme for sustainable development in APEC, focusing on:

- Sustainability of the marine environment
- Clean technology and cleaner production
- Sustainable cities
- Innovative approaches to sustainable development

Initial implementation of the Action Programme has been undertaken principally in the formulation of an APEC strategy on sustainability of the marine environment and cleaner production. The Ministers instructed Senior Officials to undertake an annual review of sustainable development work in APEC to advance the vision shared by the Leaders in Seattle and Bogor which made sustainable development a central APEC objective.

Rapid population and economic growth pose serious challenges on food, the environment and energy. In recognition of this, work started in 1996 on the intertwined issues of food, energy, environment, economic growth and population (FEEEP); a food task force was formed and an experts' conference on food and agricultural policy challenges in the Asia-Pacific was held. The Economic Committee provided an initial report laying out the process to address future issues.

Strengthening internal coherence and complementarity of joint activities

Initially loosely structured at the start of APEC, ECOTECH activities have become more institutionalized with specific goals and work agendas, especially following the Bogor Declaration and the Osaka Action Agenda. Nevertheless, the expansion in the number of projects and the widening of areas of concern call for greater coherence and complementarity of the joint activities through the conscious effort of relating them directly to APEC goals. An illustrative list of the projects related to APEC goals is shown in Box 18.

Heeding the call made by the Leaders in Bogor to intensify development cooperation in the Asia-Pacific region, and building on the elements of economic and technical cooperation in Part II of the Osaka Action Agenda, APEC adopted in Manila a Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development. The framework clearly articulates the economic and technical cooperation agenda in APEC through:

- A clear statement of goals and guiding principles

- A strong affirmation of the critical roles that the business sector and other pertinent institutions play in the APEC economic cooperation process
- Introduction of a management approach that is geared towards concrete outcomes
- The identification of key areas where cooperation needs to be intensified to achieve jointly agreed focused outcomes

Six areas for focused outcomes and intensified cooperation are identified to address the growing challenges facing the region in ensuring sustainable and equitable growth. The six themes address key factors that determine the pace, sustainability and distributive impact of economic growth in the region. By addressing key factors, APEC joint activities will have greater positive impact on the economic and social well-being of the people in the region. The six themes are:

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

By giving greater coherence and direction to economic and technical cooperation and development in APEC, it is expected that joint activities will contribute more substantially to the goal of a prosperous Asia-Pacific.

The Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development has clearly articulated the goals, guiding principles and themes to achieve focused outcomes and strengthen economic and technical cooperation activities in APEC. In terms of APEC work, the challenge lies in providing a common focus to a widening scope of joint activities, most of which have cross-cutting implications developed in various APEC fora in order to address the needs of the intended beneficiaries of economic and technical cooperation. The greater challenge in economic and technical cooperation lies in generating firm commitments among economies to making genuine contributions toward the goal of sustainable growth and equitable development in reducing disparities in the region.

Box 18
ILLUSTRATIVE LIST OF APEC JOINT ACTIVITIES IN ECOTECH

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
<p>1. Human Resources Development</p>	<p>Cross-cultural management of technical collaboration research to improve R&D collaboration through cross-cultural training - bridging cultural gaps among managers, researchers and scientists involved in cross-border technical collaboration activities toward broader and deeper liberalization in the movement of goods, services and capital</p>	<p>Development of the Labor Market Information system and framework - sharing of labor market data, trends and opportunities would enhance the functioning of member economies' labor markets and facilitate cooperation among them in devising appropriate responses to changing needs</p> <p>Acceleration and expansion of project initiatives on mutual recognition of skills qualification a) report on current requirements for professional recognition in engineering, accountancy and surveying b) best practices in professional engineering accreditation, recognition and development, and pilot exchange project c) bilateral agreements for mutual recognition between interested professional bodies and governments</p>	<p>EDUNET - virtual university linking APEC educational communities for joint research, distance learning and access to libraries (an undertaking resulting from the Leaders' Education Initiative)</p> <p>Lifelong Learning Project - creating new approaches in HRD programs for application in all stages of a person's working life</p> <p>Establishing APEC Study Centers in all member economies - developing regional cooperation in higher education, study key regional economic issues, and improve workers' skills, facilitate cultural and intellectual exchanges and foster understanding on the diversity of the region</p> <p>Improving the Understanding of Culture - developing a multi-media series of profiles for Year 6 primary school students which will consist of student books (one for each economy), a teacher's guide, a video and a CD-ROM</p>

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
<p>2. Industrial Science and Technology</p>		<p>APEC Science and Technology Collaboration Strategy - enhancing the effectiveness of policies and programs for science and technology cooperation</p> <p>APEC Council of Academies of Applied Sciences and Engineering (APEC-CASE) - promoting exchange of engineers technologists; encourage diffusion of technology; provide source of independent scientific/technical advice to APEC Ministers, WGs and fora</p> <p>Introduction on Industrial Science and Technology Policies of APEC Member Economy (Guidebook) - developing policies by sharing knowledge and experience</p>	<p>APEC Centers of Excellence - promoting research collaboration and training opportunities</p> <p>APEC Science and Technology Web on the Internet - connecting databases in member economies through the Internet and facilitating the flow of scientific and technological information</p> <p>Joint Use of Research Facilities - promoting the mutual utilization of research facilities through providing a compendium of necessary information</p>

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
<p>3. Small and Medium Enterprises</p>	<p>APEC Center for Technology Exchange and Training for SMEs (ACTETSME) – establish technology/training/information resource center</p> <p>Business matching and facilitation services and electronic databases available to SMEs to facilitate trade and investment</p> <p>APEC SME Electronic Commerce Study – the study will sensitize policy makers to the implications of deploying electronic commerce in APEC</p>	<p>ACTETSME</p> <p>APEC Study on Best Practice Policies – survey/analysis on best practice SME policies/measures of APEC economies</p>	<p>ACTETSME</p> <p>Enterprise Development Program – an ACTETSME program on training of trainers in enterprise development and business consultancy</p>
<p>4. Energy</p>	<p>Establishment of the Asia Pacific Energy Research Center (APEREC) – fosters understanding of energy issues and future energy supply and demand trends and energy policy implications</p>	<p>Publication of a compendium of policies and program activities in Energy Efficiency and Conservation (industrial and building sectors)</p> <p>Publication of a compendium of energy efficiency practices and conservation measures</p>	<p>Improvement of environmental performance through expanded programs in the fields of clean coal technology, renewable energy sources and end-use energy conservation measures and climate change concerns such as demonstration projects which lead to joint implementation</p>

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
5. Transportation		<p>Establishment of a Group of Experts to identify aviation safety problems in the region</p> <p>Survey of Aviation Personnel Licensing Requirements in the APEC Region</p> <p>Phase 3 of the Transportation Congestion Points Study – providing a best practices manual of how economies can address their respective bottlenecks</p> <p>Establishment of the APEC Urban Transport Forum – developing transportation systems that help reduce congestion and are energy efficient and environmentally friendly</p>	

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
<p>6. Telecommunications and Information</p>	<p>Identifying proper environment for the promotion of private/business investment in Telecommunications</p> <p>Asia Pacific Information Infrastructure – electronic commerce – policy dialogue and impact studies</p>	<p>Asia Pacific Information Infrastructure (APII) – technology and network infrastructure development</p> <p>Model Vocational Education and Training Framework for Telecommunications – this project is developing an agreed APEC model for Vocational Education and Training in order to enhance education and training in the telecommunication sector</p> <p>Catalogue of APII Development and Financial Resources – the project will catalogue contacts, by economy, for development assistance. It is designed to improve access to sources of funding and assistance, to improve external relations, and to promote the deployment of the APII</p>	<p>Asia-Pacific Information Infrastructure (APII) – promotion and cooperation – applications development – education and training</p> <p>APEC TEL Working Group site development</p> <p>Distance Learning Project – the goal is to develop a "virtual" distance learning network with a permanent Network Administration Center that would encourage and facilitate the sharing of courses and training materials – develop and deliver two courses on distance education to APEC economies using the World Wide Web</p>

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
7. Tourism	<p>Supporting cooperative programs and exchange of information in tourism-related services – develop database of core statistical information</p> <p>Raising awareness on the economic impact of tourism in the region – highlight infrastructure needs and potential for new investment and for trade and job creation – provide input to analysis of benefits of further liberalization and facilitation of trade tourism in services</p>	<p>Identifying impediments to tourism growth and formulate strategies that will improve tourism movements and investment in the region</p>	<p>Identifying major ecosystems of importance to tourism in APEC member economies and identify a range of management strategies and techniques available for tourism</p> <p>APEC publication on best practices models for sustainable development in the Asia-Pacific region</p> <p>APEC videotape and manual on Distance Learning Techniques</p>
8. Trade and Investment Data	<p>Developing a database system for trade and investment data (TIDDB) – develop a TIDDB system to store merchandise trade data, to be expanded to include data on services trade and foreign direct investment</p>		
9. Trade Promotion	<p>Annual Meeting of Trade Promotion Organizations (TPOs)</p> <p>Seminars on Trade Financing, such as “Seminar on Credit Guarantee Systems”</p> <p>APEC-Net Home Page Listings of Business Information (i.e., trade data, trade fair directory etc.)</p>	<p>Trade Promotion Training and Exchanges of Trade Promotion Experts</p> <p>Facilitation of Strategic Alliances among Enterprises in the APEC Region</p>	<p>Trade Promotion and Poverty Alleviation – Case Study: The Case of Yunnan, the People’s Republic of China</p>

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
<p>10. Marine Resource Conservation</p>		<p>Integrated Coastal Zone Management Strategies – Report on key sources of coastal pollution and institutional approaches to planning and management of coastal zones in individual APEC economies</p> <p>Ocean Model and Information System for the APEC region</p> <p>Management of Red Tide and Harmful Algal Blooms in the APEC Region (MRT/HAB Program)</p>	<p>Workshop on the Impacts of Destructive Fishing Practices Upon the Marine Environment</p>
<p>11. Fisheries</p>	<p>Publication of a “How to” manual relating to technical specifications and regulations on airshipping fish for food</p> <p>Sector report on trade and investment liberalization in fisheries</p>	<p>Standing item established within the FWG annual meeting agenda to allow members to exchange information (Technical Exchange) on fisheries management issues in member economies</p> <p>Technical Workshop on Principles of Hazard Analysis and Critical Control Points (HACCP)</p>	

Ecotech Areas	Facilitates and Complements Trade and Investment Liberalization	Addresses Structural, Policy and Administrative Bottlenecks to Sustained and Equitable Growth	Contributes to the Fostering of the Asia-Pacific Community
<p>12. Agricultural Technical Cooperation</p>	<p>Establishment of a database of training opportunities in agricultural finance</p> <p>Establishment of an information network system on plant and animal quarantine and pest management</p> <p>Agricultural standards, requirements and regulations database on marketing, processing, and distribution of agricultural products</p>	<p>Information on systems and related studies on conservation and utilization of plant and animal genetic resources – workshop to identify and fill in gaps in genetic resources portfolios</p> <p>Prepare a resource paper addressing commercialization issues, and outlining work on the harmonization of biosafety and public perceptions</p>	<p>Improve skills of farmers, technicians and agricultural technology transfer and training managers</p>
<p>13. Economic Infrastructure</p>	<p>Development of an Economic Infrastructure Action Program to organize joint activities toward effective and efficient infrastructure development</p> <p>Mutual Recognition Assessment Seminars – two seminars to build confidence in a proposed model mutual recognition arrangement (MRA) for conformity assessment</p>	<p>Harness public-private sector partnership in infrastructure financing</p>	<p>Promotes sharing of information on "best practices" in infrastructure development</p>

LOOKING AHEAD

The action plans contained in the MAPA are of a "rolling nature", that is to say, they are meant to be continually revised, as the Osaka Action Agenda prescribes, "through a progressive and dynamic mechanism established by the consultation process and reviews...[resulting] in the continuing voluntary improvement of Action Plans." The interests and inputs of the private sector will be taken into account in the evolution of the MAPA.

The continuing consultation process that commenced mainly at the Senior Officials' level during the development of the action plans in their present state will go on during the years leading to the Bogor target years for the further development and improvement of the action plans.

The result of reviews conducted by the APEC fora, such as the Committee on Trade and Investment, the Economic Committee and the Working Groups, to assess progress in implementing the action plans in accordance with the principles, objectives and guidelines established by the Osaka Action Agenda and the Manila Declaration, will be fed back to the consultation process through the Senior Officials and the Ministers, who each in turn review the annual progress reports of the APEC fora.

These reviews based on the agreed principles may result in the expansion and improvement of the present guidelines and individual and collective actions, providing the basis for further revisions in the action plans to accord with the changes. These reviews and subsequent revisions should also lead to more standardized formats to facilitate broad comparability among these action plans.

Overall reviews may also be held on the overall progress of liberalization, facilitation and cooperation in APEC, taking into account developments in other international fora, particularly the WTO, prompting further revisions and improvements in the action plans.

The Osaka Action Agenda enjoins all APEC economies "to take the lead in strengthening the open multilateral trading system and enhancing global liberalization momentum by participating actively and positively in multilateral negotiations and exploring the possibility of taking joint activities under the WTO." Such participation in the multilateral fora may require further revisions in the action plans.

In this way, the MAPA, a snap-shot of today's action plans, becomes an opening to the long vista of their evolution.

**SOM CHAIR'S REPORT ON STATE OF PLAY
IN THE SUBMISSION OF IAPs
as of November 1996**

Tariffs	No. of Economies
Submissions	18
Actions	
• progressively reduce tariffs * (UR+)	17
• enhance transparency	14

* including Osaka initial actions

Non-Tariff Measures (NTMs)	No. of Economies
Submissions	18
Actions	
• progressively reduce or eliminate NTMs	12
• review NTMs	6
• enhance transparency	15

Services			
	Actions		
	No. of Submissions	Reduce Restrictions on Market Access	Provide for MFN and National Treatment
• air transport	13	6	3
• maritime transport	14	10	7
• road transport	12	3	2
• telecommunications	17	9	4
• energy	13	6	3
• tourism	16	9	6
• financial	13	7	5
• distribution	7	5	2
• professional/business	11	8	5

Investment	No. of Economies
Submissions	18
Actions	
• review investment regime	4
• liberalize investment regime, without specifics	2
• liberalize investment regime, with specifics	10
• improve transparency	15
• facilitate investment through, <i>inter alia</i> , technical assistance and cooperation	16

Standards and Conformance	No. of Economies
Submissions	18
Actions	
• ensure transparency of standards and conformity assessment	18
• align mandatory and voluntary standards with international standards	18
• achieve mutual recognition of conformity assessment in regulated and voluntary sectors	18
• promote cooperation for technical infrastructure development	18

Customs Procedures	No. of Economies
Submissions	18
Priority areas under SCCP Action Program	
• tariff nomenclature harmonization	18
• public availability of information	18
• simplification and harmonization on the basis of Kyoto Convention	18
• computerization through UN/EDIFACT	18
• alignment with WTO Agreement on Customs Valuation	18
• alignment with WTO TRIPs Agreement	18
• introduction of clear appeal provision	18
• introduction of advance tariff classification ruling	18
• provision for temporary importation	18

Intellectual Property Rights (IPRs)	No. of Economies
Submissions	18
Actions	
<ul style="list-style-type: none"> • ensure expeditious granting of IPRs 	18
<ul style="list-style-type: none"> • ensure adequate and effective civil and administrative procedures and remedies 	18
<ul style="list-style-type: none"> • provide and expand bilateral technical cooperation in various areas (e.g., patent search and examination, computerization, HRD and information exchange) 	18

Competition Policy	No. of Economies
Submissions	18
Actions	
<ul style="list-style-type: none"> • introduce or maintain competition policy and/or laws and associated enforcement policies 	18
<ul style="list-style-type: none"> • ensure transparency 	16
<ul style="list-style-type: none"> • promote cooperation 	18

Government Procurement (GP)	No. of Economies
Submissions	18
Actions	
<ul style="list-style-type: none"> • work toward developing a common understanding of GP policies and systems and each economy's GP practices 	16
<ul style="list-style-type: none"> • liberalize GP markets 	14
<ul style="list-style-type: none"> • enhance transparency of GP regimes and information 	17
<ul style="list-style-type: none"> • establish GP information database and provide information through common entry point 	16

Deregulation	No. of Economies
Submissions	18
Actions	

• promote transparency	11
• eliminate trade and investment distortions	
– with specifics	15
– without specifics	3

Rules of Origin (ROO)	No. of Economies
Submissions	18
Actions	
• ensure full compliance with internationally harmonized ROO to be adopted in relevant international fora	18
• ensure that ROO are prepared and applied in an impartial, transparent and neutral manner	13

Dispute Mediation	No. of Economies
Submissions	18
Actions	
• encourage members to address disputes cooperatively at an early stage	17
• support mediation, consultation, arbitration and conciliation within APEC and in other fora	16
• favor establishment of an APEC dispute mediation mechanism for APEC members	8
• facilitate and encourage the use of procedures for dispute resolution between private entities and governments and between private parties	17
• improve transparency	18

Mobility of Business People	No. of Economies
Submissions	18
Actions	
• enhance mobility of business people	18
• contribute to work being undertaken in relevant APEC fora	5

Implementation of UR Outcomes	No. of Economies
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Submissions	18
Actions	
• ensure full and effective implementation of UR commitments	18
• accelerate, broaden and deepen UR outcomes	7

HIGHLIGHTS OF THE IAP: AUSTRALIA

Australia's IAP addresses the objectives and guidelines of the Osaka Action Agenda in a comprehensive manner and includes a number of measures that go beyond Australia's Uruguay Round commitments (i.e., in the areas of tariffs, non-tariff measures and services).

Tariffs

Australia's IAP includes reductions in applied tariffs to the year 2000 going beyond its Uruguay Round obligations. The applied general tariff was reduced to a maximum of 5 percent in mid-1996. Applied tariffs on passenger motor vehicles and textiles, clothing and footwear are being phased down to the year 2000. The general tariff (0–5 percent) will be reviewed by the year 2000, or earlier, taking into account, *inter alia*, progress by APEC members in addressing the Osaka Action Agenda reform commitments. Post-2000 tariff levels for passenger motor vehicles, and textiles, clothing and footwear will be decided following reviews during 1996 and 1997.

Australia's applied simple average tariff has fallen from 18.2 percent in 1988 to 6.1 percent in 1996 and will reduce further to 4.8 percent by the year 2000. Currently around 40 percent of Australia's applied MFN tariffs are zero.

Non-Tariff Measures

Australia generally does not make use of non-tariff measures other than for soundly-based health and safety reasons and to discharge its international obligations. In addition to fulfilling its Uruguay Round commitments, Australia will abolish export controls on certain mineral products (coal, mineral sands, liquified natural gas, bauxite and alumina), and phase-out bounties for ships, computers, books, and machine tools and robots.

Services

In addition to fulfilling Australia's GATS commitments and participating actively in future GATS negotiations, Australia is committed to further liberalise the business services, communications, transport, financial services and energy sectors including:

Telecommunications - to introduce full and open competition from 1 July 1997 and privatise one third of Telstra with 35 percent of the float available to foreign investors.

Transport - to windback maritime cabotage protection by the year 2000 and discontinue schemes which provide financial incentives for certain Australian vessels. In aviation, Australia will progressively liberalise access to the market for freight and passengers and ensure airlines are free to set fares in response to market conditions.

Financial Services - to conduct an inquiry into the financial sector to report by 31 March 1997.

Investment

Australia provides MFN treatment under its foreign investment regime. Australia operates a liberal and transparent screening system and will review, by mid-1997, the screening system for foreign investment in "non-sensitive" sectors (i.e., other than media and civil aviation). Restrictions on foreign investment in real estate will be rationalised by mid-1997 involving some overall liberalisation.

Standards and Conformance

Australia's standards are already substantially aligned with relevant international standards. Standards in APEC's priority sectors (electrical products, rubber products, food labelling and machinery) are already substantially aligned and will be fully aligned by 2000. Australia participates actively in international standardisation activities, is actively pursuing mutual recognition arrangements and is an active participant in relevant international organisations.

Customs

Australia will continue to harmonise and simplify customs procedures in order to facilitate trade in the region. Australia has already completed eight of the nine actions identified by the APEC Sub-Committee on customs including introducing an advance tariff classification ruling system. Australia will fully adopt the UN/EDIFACT standards by 1999.

Intellectual Property Rights

Australia has fully implemented its TRIPS obligations and is committed to ensuring that IPRs are granted expeditiously and that adequate civil and administrative procedures and remedies are in place. Australia will continue to provide bilateral technical cooperation in this area as resources permit.

Government Procurement

Australia's federal procurement practices and procedures are transparent and in accordance with MFN principles. Commonwealth government and some State Government procurement information is available on the Internet.

Rules of Origin (ROOs)

Australia is working actively in the WTO/WCO to internationally harmonise ROOs and will align its non-preferential ROOs with the harmonised rules when adopted. Australia will continue to ensure that its ROOs are applied in a predictable and consistent manner.

Competition Policy

Australia has a sophisticated competition policy and is committed to maintain and enforce effective and transparent competition policy and laws. Australia will review exemptions to its competitive conduct rules from 1997–98 and pursue a policy of competitive neutrality where public-sector businesses are not advantaged over their private-sector rivals.

Mobility of Business People

Australia will progressively introduce the Electronic Travel Authority from 1996 and introduce an Australian Business Access Card in 1996 designed to enhance the access of foreign business people to Australia by streamlining border processing. Building on these initiatives, Australia will work with other APEC members to establish the APEC Business Travel Card system, providing the equivalent of visa-free travel to participating economies for accredited business people.

Implementation of Uruguay Round Outcomes

Australia will fully implement its Uruguay Round commitments. As part of its 1995 "Osaka Downpayment Package" Australia will accelerate scheduled reductions in tariff bindings and broaden commitments on services.

HIGHLIGHTS OF THE IAP: BRUNEI DARUSSALAM

Tariffs and Non-Tariff Barriers

Brunei Darussalam's trade regime is a liberal one, in which 80 percent of total tariff lines are at zero rates and the few non-tariff measures are WTO-consistent.

MFN tariffs on 910 items were recently eliminated, as a downpayment on Brunei Darussalam's offers in its IAP. Import tariffs on another 688 items, including computers and related products, were reduced or abolished in 1995, as part of its Osaka Initial Actions.

As part of its IAP, Brunei Darussalam will eventually bind 82 percent of total tariff lines at 5 percent, going over and beyond its UR commitments.

Services

There are very few restrictions in Brunei Darussalam on market access and the presence of natural persons for trade in services. For example, Brunei Darussalam adopts an "open sky" civil aviation policy, without any restrictions on foreign airlines.

Brunei Darussalam will continually make improvements to its IAP on services, in line with their dynamic nature.

Standards and Conformance

Information on Brunei Darussalam's Standards and Conformance is available in hard copy. Most ISO Standards have been adopted as *de facto* or *de jure* national standards and Brunei Darussalam has applied for membership in the Asia Pacific Metrology Program (APMP). Conformance certificates on Laboratory Accreditation from harmonised APEC economies are accepted.

Customs Procedures

The 1996 Harmonised Description and Coding System (HS-96) has been implemented in Brunei Darussalam, which will also adopt the UN/EDIFACT Standards. Computerisation of customs procedures will be completed by 1999. Furthermore, steps are being taken to ensure that the WTO Agreement on Customs Valuation is fully implemented by 1999.

Brunei Darussalam became a member of the World Customs Organisation (WCO) in July 1996.

Intellectual Property Rights

Brunei Darussalam has specific legislation for the protection of trademarks and patents and is streamlining trademark processing. Specific legislation for the protection and enforcement

of copyright and related rights, industrial design and the layout-designs of integrated circuits will be enacted. Furthermore, steps are being taken to ensure that the WTO TRIPS Agreement is fully implemented by 1999.

Brunei Darussalam is a member of the World Intellectual Property Organization (WIPO).

Deregulation

The Government of Brunei Darussalam is committed to creating a conducive business environment and is eliminating or reducing the negative impact of domestic regulations which may impede free and open trade and investment. Such efforts include deregulation and corporatisation/privatisation. All investment sectors, with a few exceptions, are open to foreign investors and there are no restrictions imposed on the remittance of earnings, profits and dividends from investments.

Implementation of Uruguay Round Outcome

Brunei Darussalam has undertaken or will undertake the following steps with respect to its UR commitments :

- (a) Deepen and broaden its tariff bindings
- (b) Accelerate the full implementation

HIGHLIGHTS OF THE IAP: CANADA

Canada has a long-standing commitment to freer trade as the engine of economic growth and employment. An original member of the GATT and the WTO, Canada has established one of the most liberal and transparent regulatory regimes in the world. Its Uruguay Round commitments are fully implemented, yet Canada continues to take concrete measures to push ahead on trade liberalization.

Canada has a low trade-weighted average tariff (4.8% on industrial products) and has bound 99.7 percent of its MFN tariff lines. Even with its low tariff levels, Canada has made significant unilateral tariff reductions beyond its Uruguay Round commitments.

- In 1995, Canada launched a program to reduce tariffs on 1,500 tariff lines of manufacturing inputs. More than half of all dutiable imports covered by this unilateral action represent imports from APEC economies.
- In 1996, Canada eliminated MFN rates of duty on all original equipment, automotive parts and articles used in the manufacture of motor vehicles in Canada. The estimated value of this tariff elimination to APEC economies is over \$100 million annually.
- In 1996, Canada launched a program to reduce General Preferential Tariff (GPT) rates to ensure that developing countries continue to enjoy a margin of preference on most GPT-eligible tariff lines. GPT coverage was also extended to an additional 218 tariff lines. The 13 of APEC's 18 members eligible for GPT tariff treatment account for 80 percent of total GPT imports for a dollar value of \$3.1 billion.

Canada has not only eliminated WTO-inconsistent non-tariff barriers to trade but has also gone beyond its Uruguay Round commitments. For example:

- The elimination of the Western Grains Transportation Act in 1995 eliminated export subsidies on grains and oilseeds beyond Canada's Uruguay Round obligations
- Canada was the only WTO member to integrate a controlled product, namely work gloves, an action of direct benefit to APEC economies

Canada strongly supports moves within the WTO context to negotiate an information technology agreement, and is willing to enter into discussions towards the elimination of tariffs in the following five areas:

- Oilseeds and oilseed products
- Non-ferrous materials
- Wood and articles of wood
- Fish and fish products
- Electronics

Canada's IAP provides a transparent description of Canada's current trade and investment climate and areas where Canada hopes to move forward on additional liberalization initiatives. The document describes Canada's negotiating positions in WTO fora, including Canada's offer in the negotiations on basic telecommunications services to bind the end to its three remaining telecommunications monopolies. It also provides APEC business people with contact information for each of Canada's regulatory bodies, where advance rulings on imports may be obtained.

On services, Canada is a signatory to the General Agreement on Trade In Services (GATS) and is bound by a comprehensive offer which provides APEC business people with opportunities to participate in the Canadian services market in areas as diverse as financial, tourism, telecommunications and transportation services.

To facilitate trade and investment, Canada has one of the most liberal visa regimes among APEC economies. Nationals from most APEC economies do not need visas to enter Canada and those that do can obtain visas at Canadian missions abroad in one to five working days. Canada is one of only two APEC economies to have signed the Third GATS Protocol on the Temporary Movement of Persons, an additional commitment by Canada to ensure foreign participation in its services market.

Canada has a transparent and open regulatory system and is committed to further streamlining the regulatory system. Canada's Priority Regulatory Review has targeted six sectors for particular attention before the year 2000: biotechnology; health, food and therapeutic products; mining; automotive and auto parts manufacturing; forest products; and aquaculture.

HIGHLIGHTS OF THE IAP: CHILE

At the 1995 APEC Osaka Leaders' Meeting, H.E. The President of the Republic of Chile, Mr. Eduardo Frei noted that Chile will consider advancing its commitments in most applicable trade and investment liberalization and facilitation areas by 2010 instead of the deadline for APEC's developing economies of 2020.

- **Tariffs:** Chile's applied tariff reductions exceed its WTO Uruguay Round Commitments. Trade policy is transparent, open, non-discriminatory and simple. Chile has eliminated quantitative restrictions, licenses on imports, and prohibitions. At present, the general applied tariff rate is 11 percent across the board. In addition, Chile is willing to reduce tariffs to zero percent on most products by the year 2010 instead of the deadline for APEC's developing economies of 2020.
- **Non-tariff Measures:** Chile has eliminated most market access restrictions, quantitative restrictions and national treatment limitations. It should be noted that at present no minimum customs valuation or tariff surcharges are applied on any product. Chile will ensure by way of review that most NTMs will be eliminated by 2010.
- **Services:** If compared to GATS standards, Chile's services market is one of the most open. Chile understands the liberalization of cross-border trade in services as a commitment towards the compliance of basic free trade principles in this area: Most Favored Nation, no local presence requirements, National Treatment and progressive elimination of non-discriminatory quantitative restrictions.
- **Investment:** The hallmarks of the Chilean Investment regime include the principles of National Treatment, Most Favored Nation, no performance requirements, no restrictions on the appointment of senior management and directors and a possibility to resolve disputes by international arbitration. Chile's commitment to an open investment regime is also matched by an active privatization and deregulation program. In addition, Chile will further guarantee Trans-Pacific investment by continuing its practice of negotiating Investment Promotion and Protection Agreements (IPPAs) with other APEC economies.
- **Standards and Conformance:** Chile's standards and conformance framework is based on the principles of transparency and alignment of national standards with international standards. In terms of transparency, a data base, available to the public, exists with all national official standards. Additionally, in order to further expedite the alignment of standards to international standards, Chile is willing to enhance Mutual Recognition Agreements with other APEC economies.
- **Customs Procedures:** The Chilean Customs Service is strongly committed to improving its already high degree of public dissemination concerning customs procedures, as well as meeting the guiding principles of facilitation, accountability, consistency, transparency, and simplification that the Sub-Committee on Customs

Procedures calls for. The WTO Customs Valuation Agreement will be implemented as of January 1, 1997.

- **Intellectual Property Rights:** Chile has a highly developed and transparent system for the protection of intellectual property rights and its corresponding use by the private sector. Moreover, in order to further strengthen its solid intellectual property regime, Chile will implement legal modifications to comply with the provisions of TRIPS, adhere to intellectual property treaties, and consider institutional reforms and management improvements in the intellectual property system of Chile.
- **Competition Policy:** Chile has strengthened anti-trust commissions and promotes close cooperation between enforcement agencies to avoid market share restrictive and anti-competitive policies. It is worth noting that as a result of decisions by the anti-trust commission, the telecommunications law was modified thus establishing competition in long distance telecommunications via a multicarrier system (more than 10 domestic and foreign firms competing), with the ensuing cost saving benefits passed on to consumers.
- **Government Procurement:** Chile adheres to the principles of (1) non-discrimination, applied both to national as well as foreign suppliers and/or goods and services; (2) efficiency, the purchasing of goods and services that combine reasonable prices and good quality; and (3) transparency, the use of clear and transparent procedures able to be scrutinized by the private sector as well as the public sector.
- **Deregulation:** Chile is world renowned for being one of the economies on the cutting-edge of regulatory reform. In fact, Chile has privatized most of the public utilities. Moreover, Chile is currently embarked on a large scale scheme of promoting private investment in infrastructure, such as ports, highways, and airports on a Most Favored Nation and National Treatment basis.
- **Dispute Mediation:** In order to underscore the importance that Chile bestows on dispute mediation, it should be noted that Chile is party to the New York, MIGA and ICSID Conventions. Chile is signatory to a number of IPPAs which include dispute mediation procedures. Furthermore, Chile supports continued examination of the potential scope, modalities, and limits of APEC dispute resolution procedures, without prejudice to rights and obligations under the WTO Agreements.
- **Mobility of Business People:** With a view to facilitating the entry of business people, only a tourist visa is required to enter the country. In addition, Chile will continue to review administrative procedures, such as the adoption of the APEC Business Travel Card, to further enhance its liberal business persons entry policy.

HIGHLIGHTS OF THE IAP: THE PEOPLE'S REPUBLIC OF CHINA

Tariffs: By 2000, reduce the level of the simple average tariff rate from current 23 percent to around 15 percent, and make further reductions in the medium- and long term.

Non-tariff Measures: In the short term, review current 384 items of NTMs and gradually reduce or relax these NTMs while ensuring their transparency. In the mid- and long term, reduce and eliminate all NTMs inconsistent with WTO agreements.

Services: In the service areas such as banking, insurance, security, commercial retailing, transportation, energy, telecommunication, and tourism, further carry out its reform and opening policy and provide more market access and business opportunities to foreign companies.

Investment: In the short term, improve transparency of investment regime and open more sectors for foreign investment. In the mid- and long term, implement relevant WTO agreements after its accession to WTO and further expand areas and reduce restrictions on foreign investment with a view to achieving free and open investment in the long run.

Standards and Conformance: Fully implement the collective actions formulated by the Standards and Conformance Subcommittee (SCSC) of APEC, and take specific actions in four areas: alignment with international standards, mutual recognition of conformity assessment, cooperation on technical infrastructure and transparency.

Customs Procedures: Fully implement its individual action plan of the collective actions agreed in the SCCP, especially those actions for the realization of the nine objectives listed in the collective actions of the SCCP.

Intellectual Property Rights: In the short term, revise or draft and publish relevant laws, rules and regulations to perfect China's legislative system in the area of intellectual property rights. Meanwhile, optimize administrative enforcement measures and strengthen judicial measures by establishing a set of executive procedures for IPR in the long term.

Competition Policy: Study and develop a relatively complete market competition mechanism and introduce it into more economic sectors in the short term. For the mid- and long term, take various measures to complete the transition from a traditionally planned economic system to a market economic system.

Government Procurement: Develop a common understanding of government procurement policies and systems, as well as those of other APEC economies. Aim to establish a government procurement system in China and achieve liberalization of government procurement markets throughout the Asia-Pacific region.

Deregulation: Further improve the transparency of the administrative regime and reduce trade and investment distortions caused by domestic rules and regulations.

Rules of Origin: Participate in the harmonization and unification of technical aspects of ROO currently undertaken by WTO/WCO and strive for consistency with the agreed rules concluded by WTO/WCO.

Dispute Mediation: Encourage cooperation in addressing economic disputes and facilitate the application of procedures for timely and effectively resolution of disputes between private entities, disputes between governments as well as disputes between governments and private entities.

Mobility of Business People: Consider new measures to improve regulations concerning entry visas for business people and further explore measures to facilitate entry/exit of business people with the aim of meeting the greater need for global mobility of business people.

Implementation of UR Outcomes: Fully implement UR agreements after China's accession to WTO.

Information Gathering and Analysis: Actively participate in the collective actions with other APEC economies.

HIGHLIGHTS OF THE IAP: HONG KONG

General

- All the commitments made in Hong Kong's Individual Action Plan go beyond Hong Kong's Uruguay Round commitments.

Tariffs

- We shall bind tariffs at zero percent for all items of import by the year 2010.

Non-tariff Measures (NTMs)

- We do not maintain any NTM for the protection of domestic industries.
- We shall relax the quota system for the importation of rice in 1997 to encourage more competition in the market.
- We shall relax control over the import of frozen meat and frozen poultry between 1997 and 2000.

Services

- We have a liberal service regime, with only a few market access restrictions and exceptions to national treatment in a small number of service sectors.
- We shall seek to remove preferential arrangements for the recognition of qualifications in respect of veterinary surgeons, medical laboratory technicians and occupational therapists by 1997, and those in respect of pharmacists as soon as possible.
- We shall consider devising non-discriminatory and standards-based criteria between 1997 and 2000 for admitting foreign lawyers to practise as barristers in Hong Kong.
- We shall commit under GATS to open up our market with effect from 1998 for all local basic telecommunications services and a wide range of international basic services, and to accord national treatment to foreign suppliers of such services.
- We shall review by 1998 the supply of subscription television services with a view to opening up the market for more competition.
- We shall continue to update our financial market regulatory regime to ensure that it keeps pace with market developments and evolving international standards, without stifling business opportunities.
- We shall review other rules and regulations in Hong Kong's service industries that may restrict market entry or reduce competition with a view to relaxing or removing them.

Investment

- Hong Kong has an open and non-discriminatory investment regime, with only a few restrictions on foreign investment in a few sectors. We shall review and consider relaxing these restrictions.

Standards and Conformance

- We shall progressively align our standards with international standards for electrical appliances, pipes and fittings, and certain food products.
- We shall work to establish mutual recognition arrangements with other APEC members.

Customs Procedures

- We shall consider accession to the HS Convention and Kyoto Convention.
- We shall use the Electronic Data Interchange system for exchange of trade-related information with traders.

Intellectual Property Rights

- We shall fully meet our obligations under the TRIPS Agreement by the end of 1996, well ahead of the deadline of January 2000.

Competition Policy

- We shall consider what additional administrative or legislative measures are required to further promote competition in Hong Kong in the light of studies being conducted on the competitive environment in Hong Kong.

Government Procurement

- We maintain an open, transparent and non-discriminatory procurement system for goods and services. We shall review our tendering procedures with a view to issuing a code to make them more open and transparent.
- We have re-engaged in negotiations to accede to the WTO Agreement on Government Procurement.

Deregulation

- We are implementing a Helping Business Programme which aims to cut red tape, deregulate and transfer services from the public sector to the private sector where market conditions are suitable.
- We shall create by mid-1997 a central database on regulatory activities in the Government.

Rules of Origin

- We shall align our rules of origin with the harmonised rules to be adopted by the WTO.

Dispute Mediation

- We shall resolve disputes with our trading partners by consultation, negotiation, or arbitration in accordance with WTO dispute settlement procedures.

Mobility of Business People

- We permit people from over 170 countries and territories to visit Hong Kong visa-free. We shall examine the feasibility of introducing a travel pass scheme in 1997–98 to speed up immigration clearance for frequent visitors, and review regularly our visa and border clearance arrangements to improve them.

Implementation of Uruguay Round (UR) Outcomes

- We have met all our UR commitments on time and, in many areas, well in advance of the required deadline. By the end of 1996, we shall have fulfilled completely all our UR commitments, including those with a compliance deadline in 2005.

Information Gathering and Analysis

- We shall actively contribute to APEC's information gathering and analysis exercises.

HIGHLIGHTS OF THE IAP: INDONESIA

I. Highlights of Indonesia's IAP are as follows :

(1) **Tariffs:**

- Indonesia has announced a schedule of tariff reduction on an MFN basis for each year between 1995 and 2003:
 - Tariffs of 20 percent or less in 1995 will be reduced in stages to 0– 5 percent by the year 2000.
 - Tariff of more than 20 percent in 1995 will be reduced in stages to 0 – 20 percent by 1998 and to 0 – 10 percent by the year 2003.
- The government of Indonesia also announced various deregulation packages to reduce the prevailing tariffs, and recently announced a new deregulation package of June 1996 which eliminated all surcharges of imported goods and reduced tariffs on 1497 tariff lines. This represents an accelerated implementation of Indonesia's commitments under the Uruguay Round.

(2) **Non-tariff Measures:**

- At the Uruguay Round, Indonesia has committed to eliminate 98 non-tariff barriers by the year 2004. By April 1996, Indonesia had already eliminated 75 of its non-tariff barriers which amounted to 77 percent of its commitments under the Uruguay Round. Moreover, in June 1996 an additional 9 non-tariff barriers, 8 of which belong to the Uruguay Round commitments, were also eliminated.

(3) **Standards and Conformance:**

- Recognizing the importance of standardization in facilitating trade and investment in the APEC region, Indonesia will continue its efforts to align its standards with international standards by preparing a plan to do so, prioritizing in the areas already identified by the APEC Standards and Conformance Sub-Committee. The plan to align Indonesia's standards through the development of national standards on food labeling, which will be implemented during the period 1998-2005, is an example among many other activities.
- Indonesia will continue to work with other APEC members to develop Mutual Recognition Arrangements (MRA).

(4) **Customs Procedures:**

- Among the major actions that Indonesia will be undertaking in this area is to implement the GATT Valuation Code for customs valuation purposes. Indonesia will also become a party to the international customs conventions by, among others, acceding to the ATA Convention in the near future.

(5) **Intellectual Property Rights:**

- Within the transitional period provided for in the TRIPS Agreement, Indonesia will continue to improve its legislation in the area of copyrights, patents and trademarks. Indonesia will also prepare a series of new laws on industrial design, integrated circuits, undisclosed information/trade secrets and plant variety protection to ensure conformity to the TRIPS Agreement.
- Indonesia will continue to explore ways and means to expeditiously grant IPR protection when the necessary requirements are fulfilled. These include automation of trademark and patent procedures.

(6) **Deregulation:**

- Over the past 15 years, Indonesia has carried out a systematic effort to increase the pace of development through the removal of government-based restraint on trade and industry and the empowerment of the private sector through a consistent process of deregulation and debureaucratization. In the past few years, a number of deregulation packages have been launched and Indonesia will continue its efforts by, among others, privatizing state-owned enterprises and economic sectors, which will cover, *inter alia*, steel industries, services, shipping, public railways, etc. Indonesia will also continue to explore ways and means to further increase transparency in its regulatory process.

(7) **Implementation of Uruguay Round Outcomes:**

- Indonesia will continue to adjust its national legislation to bring it into conformity with the WTO rules. Indonesia has ratified the Second Protocol to the GATS in the field of financial services.
- Indonesia will further consider accelerating, broadening, and deepening the implementation of its commitment under the Uruguay Round.

II. Indonesia also made its utmost efforts in presenting significant individual actions in the areas of: services, investment, competition policy, rules of origin, etc. It is understood that APEC Individual Action Plans are rolling texts reflecting an evolving process. Therefore, like others, Indonesia's Individual Action Plan will continue to be improved in the future.

HIGHLIGHTS OF THE IAP: JAPAN

Japan's IAP presents a comprehensive package of actions to be taken based upon the Osaka Action Agenda which was formulated to implement the Bogor Declaration. Japan attaches great importance to the IAP process and has conducted active consultations with other member economies, the results of which are reflected in the IAP to the maximum extent possible. Japan will make continuous efforts to improve its IAP taking into account the interests of the private/business sector which is the main beneficiary of trade and investment liberalization as well as other member economies with a view to making the IAP process dynamic and on-going. The main highlights of Japan's IAP are the following:

1. Deregulation and Rationalizing Measures for Trade and Investment Facilitation

The Government of Japan will implement wide range of deregulatory measures for structural reform, with a view to realizing an economic society which is open to the world and based upon the principles of self-responsibility and market economy. Some of the highlights of these measures are as follows:

- a) Facilitation of cross-border flow of people, goods and services**
 - i) Japan will align the JIS (Japanese Industrial Standard), the JAS (Japanese Agricultural Standard) and technical regulations under the Electrical Appliance and Material Control Law more closely with international standards.
 - ii) Japan will increase the number of FTOs (Foreign Testing Organizations, which provide test data for JAS grading procedures on the basis of requests from abroad.
 - iii) Japan will expand the flexibility of labeling methods under the Household Goods Quality Labeling Law.
 - iv) Japan will introduce PRA (Pest Risk Analysis) to implement appropriate phytosanitary measures according to the degree of pest risk by the end of June 1997.
 - v) Japan will facilitate and expedite import inspection by strengthening the animal and plant quarantine system.
 - vi) Japan will review and set the maximum residue limit of veterinary drugs. (The maximum residue limit for an additional five veterinary drugs will be set by the end of March 1997.)

vii) Japan will further promote inward foreign investment flow by taking various measures, including the following:

- Concerning foreign investment in the mining industry, the current arrangement obligating prior notification will be lifted to require only *ex post facto* reporting (1997).
- In addition to the Japan Investment Council, a Regional Japan Investment Council will be newly held to further promote constant dialogue between government and private sector.

viii) Japan will facilitate mobility of business people by the following actions:

- Further review of existing requirements by issuing multiple-entry visas will be conducted. Possibilities such as extending the length of validity and the period of stay of the visas will be examined (before the end of March 1997).
- In addition to the aforementioned measures, a review, including extending the length of validity of a multiple-entry visa from 3 years to 5 years, will be considered following the relaxation of the criteria in issuing multiple-entry visas, which was implemented from January 1996 as part of Japan's Initial Actions (1997).

ix) Japan will expand the availability of the visas for group tours to all the APEC member economies.

b) Improvement of market environment and business facilitation

i) Telecommunications

- Japan will determine the particulars which should be established as basic rules for interconnections with NTT local networks (before the end of 1996).
- Japan will abolish provisions preventing the establishment of excess telecommunication facilities and review the market access restrictions for General Type I Telecommunications Carriers in order to further facilitate the participation of new entrants to the market.
- In the INGECEP (Integrated Next Generation Electronic Commerce Environment Project), Japan will undertake projects on the verification of information and communication security technology (starting from October 1996). Japan will also connect virtual shopping malls of both domestic and overseas domains,

while providing the potential customers with access to such malls (1997).

- Japan will implement verification experiments with interconnection among many companies of member economies within the framework of the APEC EDI Pilot Project, as well as further strengthen international partnership and launch joint projects of electronic commerce between companies and consumers (1997).
 - Japan will establish the APII Technology Center in Kobe in order to promote the establishment of Asia Pacific Information Infrastructure (January 1997). The Center will contribute to the business facilitation through development of technology and applications for interconnectivity and interoperability with such networks as High Data Rate Satellite Communication Network, Internet and Integrated Services Digital Network that operate within APEC region.
- ii) Japan will conduct a revision of the structure of standards in the Building Regulations with a view to shifting, in principle, from designating particulars regarding materials, specifications, and standards, to stipulating performance. The performance based standards will also be introduced in the Japanese Agricultural Standard (JAS) for wood products.
 - iii) Japan will undertake various measures for more active competition policy, including reinforcement of the Fair Trade Commission.
 - iv) Preparation is currently under way in order to submit to the Diet amendments to the Copyright Law that will extend the range of retroactive protection of neighboring rights to 50 years and the term of protection of photographic works as well as increase in the amount of fine for infringement of copyright.

2. Action Toward Free and Open Trade and Investment

Japan is firmly committed to the maintenance and strengthening of the multilateral trading system. Based on this stance, Japan accelerated its Uruguay Round tariff reduction commitment on 697 items, including textiles, chemicals, steel and non-ferrous metals by approximately two years.

With respect to further liberalization, Japan is determined to provide the leadership to conclude the Information Technology Agreement (ITA) and is to implement the expansion of the O/O initiative on pharmaceuticals.

HIGHLIGHTS OF THE IAP: THE REPUBLIC OF KOREA

1. Tariffs

Through two Five-Year Tariff Reform Programs beyond the terms of the UR concessions, Korea has achieved a current average applied tariff level of 7.9 percent. Its average applied tariff level for industrial products is 6.2 percent, 2 percent lower than the UR concession rate of 8.2 percent (by 2009) for such products. By 1999, Korea will completely eliminate its tariffs for 28 items (HS 4 digit) in accordance with the UR agreement's "zero for zero" initiatives, and will also reduce its tariff rates for 193 chemical product items (HS 4 digit) in accordance with the harmonization negotiations. To broaden its UR commitments, Korea will eliminate its tariff rate for ships (HS8901, 8902, 8906) from January 1, 1997.

2. Non-tariff Measures

According to the UR commitments, Korea will abolish quotas on all its remaining items, except rice, by 2001, and phase out prohibited subsidies by 1998. To go beyond its UR commitments, Korea will eliminate the Import Diversification Program by 1999. Concurrently, voluntary export restraints on 10 items are to be abolished by 1998.

3. Investment

The Five-Year Liberalization Plan for Foreign Direct Investment (FDI) of 1993 was further supplemented this year. According to the plan, 64 business sectors in 1997, 13 sectors in 1998, 7 sectors in 1999, and 4 sectors in 2000 will be open to foreign direct investment. Other highlights are the broadening of the concept of FDI and the allowance of friendly mergers and acquisitions (M&As) from 1997.

4. Standards and Conformance

Korea is currently moving towards aligning its domestic standards with international standards with regards to such items as *inter alia* TVs, refrigerators, rubber medical gloves, and UPVC. In accordance with the Five-Year Capital Goods Standardization Project, Korea will also be aligning the standards of about 150 capital goods with international standards by 2000. Korea is preparing a plan with the goal of aligning 80 percent of Korean Standards (KS) with international standards by 2005. At the same time, Korea will continue to participate in bilateral or multilateral mutual recognition consultations on APEC/SCSC.

5. Intellectual Property Rights (IPR)

To accelerate the WTO/TRIPS Agreement, Korea will protect intellectual property rights by implementing the already revised Seed Industry Act, Agrochemical Management Act, etc., by 1998. In addition, Korea will join the International Union for the Protection of New Varieties of Plants (UPOV) Convention in 1999.

6. Government Procurement

To implement the WTO/GPA regime, Korea will enact a special decree by the end of 1996. Further, Korea will continue to revise its domestic system related to government procurement. To increase the transparency of government procurement, the Korean Government will also establish an Internet service that will provide information on the procurement system and public bidding opportunities.

7. Deregulation

Since 1993, Korea has expedited the promotion of deregulation in the domestic market by forming the Committee for the Regulation Reforms of the Economic Administration. At present, 1,835 items have been deregulated and plans exist for continuing these deregulation efforts into the future. In accordance with the Shelf-life Liberalization Plan, shelf-life was liberalized from 1995 to 1996 for 255 items; 61 items will be liberalized by 1998.

HIGHLIGHTS OF THE IAP: MALAYSIA

The Malaysian economy has experienced very strong rates of growth of GDP since the late 1980s. This vibrant and sustained growth has been attributed to a number of factors, such as liberal trade and investment policies, economic restructuring and deregulation as well as a stable political environment.

In drafting its Individual Action Plan, Malaysia has taken into account the policies that have led to this sustained high economic growth. As such, Malaysia's IAP contains measures that reflect the government's policy of liberalising trade and investment and facilitating growth in the economy.

In the market access area, Malaysia is committed towards further liberalisation of trade and investment in goods and progressive opening of the services sector. Malaysia will continue to reduce tariffs on imports in line with its trade liberalisation efforts and multilateral commitments under the WTO and to review non-tariff measures with a view towards relaxing them where appropriate.

In the services sector, Malaysia has made very substantial commitments under GATS. In the financial sector, Malaysia made additional commitments under the interim financial agreement to allow greater foreign participation in the leasing and stockbroking sectors. Malaysia has also made commitments in market access for a large variety of business, professional, telecommunications and other hospitality services. In addition, foreign equity of up to 49 percent is to be permitted in domestic broking firms, with non-Malaysian offshore companies in Labuan to be permitted to undertake portfolio investment activities in Malaysia.

Malaysia maintains a very liberal investment regime, with liberal foreign equity ownership policies and minimal restrictions on key managerial positions. Malaysia intends to continue with these policies. It will also undertake additional measures to enhance the transparency of its investment regime, promote on-going dialogue with the private sector and review existing investment regulations in light of the APEC non-binding investment principles.

In the area of deregulation, Malaysia has reduced substantially government involvement in business and promoted private sector initiative in economic development. To promote efficiency, a major programme of privatisation was undertaken in power generation, telecommunications, ports, airports, roads, rail and government services. To date, 401 projects have been privatised. Malaysia will continue to deregulate and privatise more projects in infrastructure, utilities and transport as well as in other fields such as finance, education and health.

Malaysia will also undertake various facilitation measures in the area of customs, standards and conformance, protection of intellectual property rights and enhancing the competitive environment for business.

Tariffs/NTMs:

Malaysia will continue to reduce tariffs unilaterally. Non-tariff measures will be reviewed and where appropriate be relaxed/abolished.

Services:

The services regime is relatively open, with market access allowed in most service areas. Malaysia made a number of market access commitments under GATS, including additional commitments to liberalise the financial sector under the GATS interim agreement on financial services. Malaysia will undertake further measures to gradually liberalise the financial sector. We will allow higher foreign investment in domestic broking firms, permit non-Malaysian owned offshore companies in Labuan to undertake portfolio investment in Malaysia and further facilitate the delivery of financial services.

Investment:

Malaysia has a liberal investment regime. No sectors are closed to investment in the manufacturing sector. Equity ownership of up to 100 percent is allowed. Malaysia will continue to enhance the transparency of its investment regime and reduce restrictions and exceptions in accordance with TRIMS.

Standards:

High priority will be assigned to alignment of standards in areas identified as priority in APEC. Malaysia will increase participation in the International Organisation for Standardisation, International Electrotechnical Commission, Codex Alimentarius Commission and other standardisation and accreditation bodies. More bilateral MRAs for major trade items will be developed. We will have full operation of quality system accreditation and participation in international arrangements.

Customs:

Malaysia will accelerate the process of harmonisation with the WTO Valuation Agreement. We will implement the UN/EDIFACT system and electronic fund transfer nationwide and harmonise customs procedures according to the Kyoto Convention.

Intellectual Property Rights:

Full automation of trade marks and patents will be available by 1997. Amendments to the Patents, Trade Marks and Copyright Acts in line with TRIPS and the enactment of the Performers' Act and Designs of Integrated Circuits is expected by 1998.

Deregulation:

Some 400 projects have been privatised up till now. More privatisation of projects in infrastructure, utilities, transport, finance, education and health will be carried out.

Business Mobility:

Malaysia will review its visa arrangements and further liberalise visa requirements on a reciprocal basis.

HIGHLIGHTS OF THE IAP: MEXICO

Tariffs

- All tariff items are bound in the WTO.
- In the last years, Mexico has implemented important tariff reductions, including to non-FTA goods. Tariffs for non-FTA machinery were reduced from 11.5 percent in 1993 to 6.7 percent in 1996, and tariffs for non-FTA electronic inputs from 11.2 percent in 1993 to 3.5 percent in 1996.
- Mexico plans to reduce tariffs on semiconductors, computer parts and computers as part of the Information Technology Agreement being negotiated in the context of the WTO.
- Mexico is willing to accelerate its tariff reduction commitments in the WTO if other APEC members and non-APEC members agree to do so.

Non-tariff Barriers

- Mexico does not maintain non-tariff measures inconsistent with WTO agreements.
- To facilitate trade, Mexico has engaged in identifying non-tariff barriers at a tariff line level.

Services

- Mexico has been liberalizing its services sector, including telecommunications, transportation, financial services and professional services.

Investment

- Mexico has a very open investment regime: 737 out of 754 activities contained in the Catalogue of Economic Activities are open to foreign investment.
- Apart from the services mentioned above, Mexico has recently implemented important measures to liberalize investment in ports, and in the transport, distribution, and storage of natural gas.
- Mexico will eliminate the limit of 49 percent in FDI in the manufacturing and assembly of auto parts, equipment and accessories in 1999.

- Mexico will increase gradually the participation of foreign capital for international land transportation (passengers, tourism, and freight) from 49 percent to 51 percent in 2001 and to 100 percent in 2004.
- Mexico will submit to Congress in 1996 an amendment to the Foreign Investment Law which would simplify and reduce all the administrative requirements related to the registration and authorization processes of FDI.

Intellectual Property Rights

- Mexico has updated and reinforced its legal and administrative system in the last years to make it consistent with international commitments, including the amendments of the Industrial Property Rights Law (1994) and the Copyrights Law (1993).
- Mexico expects to comply fully with the TRIPS agreement in the next years with the enactment of the Law for the Protection of Plant Varieties (1996) and the Law on Layout Designs of Integrated Circuits (1998).

Government Procurement

- Mexico has fully transparent government procurement procedures, including invitations to participate, tender documentation, time limits and clear criteria for awarding contracts. They include a bid-challenge mechanism for the solution of disputes between suppliers and public entities.
- Mexico is developing an Electronic Government Procurement system, Compranet, consisting of the automation of the different stages of the contracting process by the Federal Government.

Deregulation

- Mexico has launched an ambitious deregulation program designed to improve the competitiveness of Mexico's businesses. The program includes:
 - 1) the review of all existing rules and regulations;
 - 2) the review of all administrative and legislative proposals; and
 - 3) adoption of legislative reforms to improve Mexico's regulatory framework.
- To date, 24 out of 31 local governments have adopted similar initiatives to those applied at the federal level.
- The review of all existing federal rules and regulations is expected to be finished in 1997.

Uruguay Round Implementation

- Mexico is fully implementing its Uruguay Round Commitments.
- Mexico offers to accelerate its tariff reduction commitments if other APEC and non-APEC members agree to do so.
- Mexico supports the negotiations of an Information Technology Agreement.
- Mexico supports the idea of discussing the impact of competition policy on trade liberalization in the WTO context.

HIGHLIGHTS OF THE IAP: NEW ZEALAND

Tariffs:

New Zealand's current applied tariff reform program to the year 2000 comprises the main commitment. Tariffs will fall by the year 2000 to about 50 percent of their 1996 level, with a simple average for all tariffs of approximately 3 percent. A further review of tariffs is scheduled for 1998.

New Zealand's tariff reductions are published in advance and are fully transparent. They are specified in the New Zealand Tariff on an item-by-item basis through to the year 2000.

New Zealand's tariff binding commitments exceed the targets set in the Uruguay Round. New Zealand also extended the coverage of its GATT tariff bindings from about 55 percent to virtually all items in the Tariff.

Non-tariff Measures:

New Zealand does not maintain non-tariff measures for domestic production support or border protection purposes and will ensure by way of review that this continues to be so. New Zealand has no export subsidies.

Services:

New Zealand's services market, as measured by the GATS standards, is substantially open, on a non-discriminatory basis. New Zealand will examine the possibility of broadening the coverage of its services liberalisation in its 1997 IAP.

Investment:

New Zealand's current foreign investment regime is based on non-discrimination between sources, a screening regime and minimal sectoral restrictions. All relevant information is publicised and made readily available. New Zealand maintains no market-distorting investment incentives. The IAP proposes no changes to this situation.

Standards and Conformance:

New Zealand's standards and conformance framework is founded on international 'best practice' in order to achieve minimal transaction and compliance costs on business while encouraging competition, productivity and innovation.

Customs Procedures:

New Zealand's Customs Modernisation Programme, scheduled for completion in 1997, will meet all of the objectives of the APEC Sub-Committee on Customs Procedures and give effect to the guiding principles of facilitation, accountability, consistency, transparency and simplification.

Intellectual Property Rights:

New Zealand has met, and in the case of the Geographical Indication Act 1994 exceeded, its WTO TRIPS obligations, New Zealand's intellectual property regime is transparent and effectively enforced.

Competition Policy and Law:

New Zealand will continue to operate an effective and transparent competition policy and competition law, based on generic rather than industry-specific approaches, designed to allow businesses to operate in an environment which relies mainly on market forces.

Deregulation:

New Zealand is widely regarded as a leading economy in the area of regulatory reform. New Zealand will promote continued regulatory reform to enhance competition and lower compliance costs for business.

Government Procurement:

New Zealand has created and will maintain a leading-edge position in government procurement by eliminating all preferences. Government purchasing decisions are seen as essentially no different from any private purchasing decisions taking place in an open, deregulated and competitive marketplace.

Business Mobility:

New Zealand has visa waiver agreements with 10 APEC member economies, which greatly assists mobility of business persons. Ease of doing business is a key factor in New Zealand's on-going review of its border entry measures, including the consideration of the extension of visa waiver arrangements; including to APEC members.

HIGHLIGHTS OF THE IAP: PAPUA NEW GUINEA

1. TARIFFS

Papua New Guinea since January 1996 has reduced tariffs on:

- a) basic food and medical supplies to zero percent
- b) selective industry inputs and capital equipment covering 1,177 tariff lines from 11 percent to 8 percent
- c) food and general necessities from 30 percent to 11 percent covering 2,377 tariff lines

2. NON-TARIFF MEASURES

As of 1 January 1996, Papua New Guinea has removed all remaining quantitative restrictions on imported canned fish, cement and sugar, thus eliminating all quantitative trade restrictions.

3. SERVICES

As of the beginning of 1996, Papua New Guinea has embarked on deregulating its services sector by relinquishing government control on basic services such as telecommunications, energy generation, water supply and air services by developing a program to corporatise and privatise these sectors.

4. INVESTMENT

By deregulating its investment regime in 1996, Papua New Guinea has commenced phasing out its Reserved Activities starting with construction and manufacturing sectors.

The government has also commenced the development of a system of foreign investor approval register in conjunction with other related government agencies in order to ease the cumbersome foreign investor approval process.

5. STANDARDS AND CONFORMANCE

Papua New Guinea has commenced alignment of its national standards with international standards through membership in regional and global standards organisations.

6. CUSTOMS PROCEDURES

Papua New Guinea has completed its adoption of a harmonised system (ASYCUDA) and harmonisation of World Trade Organisation Agreement.

7. DEREGULATION

Papua New Guinea has commenced enactment of the Trade Practices Act and Antitrust legislation; a review of business regulation; liberalisation of entry into the market; and removal of regulations which govern the nature of a product and the terms under which it is produced.

8. MOBILITY OF BUSINESS PEOPLE

Papua New Guinea has completed its computerisation of visa facilities and transparency on the application for appropriate visas and its review of its current procedures and/or legislation to facilitate easy processing of visa requirements to enhance the mobility of business people.

9. GATT/WTO

Papua New Guinea formalised its membership to WTO in May 1996.

HIGHLIGHTS OF THE IAP: THE REPUBLIC OF THE PHILIPPINES

Tariffs

- Beyond UR commitments, gradually phasedown tariffs, targeting a uniform rate of 5 percent on all products (except sensitive agricultural products) by 2004

Non-tariff Measures

- Beyond UR commitments, eliminate remaining import licensing requirements under cover of GATT Article XVII:B (restrictions due to BOP reasons)

Services

- Beyond GATS commitments, consider measures to:
 - Telecommunications, *inter alia*
 - progressively privatize government telecommunications facilities
 - review radio spectrum to allow entry of new service providers
 - eliminate franchising requirement for value-added service providers
 - Transport
 - open up auxiliary maritime services such as management of shipping agencies and multi-modal operation
 - Energy
 - remove regulations on oil price setting and remove foreign exchange cover
 - lift restrictions on coal importation
 - implement long-run marginal cost pricing in electricity and provide horizontal unbundling of NPC's generation facilities
 - Tourism
 - review existing laws on tourism movement and investment
 - liberalize existing regimes on investments and employment of foreign nationals
 - Distribution
 - open retail trade to foreign participation
 - Financial
 - review restrictions/existing provisions in foreign equity participation in investment companies, investment banks/houses and financing companies
 - review restrictions on foreign membership of board of directors of investment companies and financing companies

Investment

- Aside from measures being considered in the services area which also impact investment, consider other measures to:
 - extend application of condominium law to industrial estates
 - relax requirements and improve benefits accorded to foreign entities setting up regional headquarters and warehouses in the Philippines

Standards and Conformance

- Aside from contributing fully to collective actions:
 - align Philippine standards with international standards on a range of products including lighting and electrical products, garments/textiles, footwear, household appliances, automotive parts, metal products and packaging materials
 - participate in APLAC cooperation agreements and pursue MRAs on metrology, food and drug testing and laboratory accreditation
 - recognize test results from NSB-accredited laboratories for imported products and expand Philippine Standards (PS) mark certification to foreign suppliers

Customs Procedures

- Aside from contributing fully to collective actions, complete/refine already initiated reforms to simplify and harmonize customs procedures through:
 - selectivity in clearance process
 - mandatory advance electronic manifest
 - enhancements to ASYCUDA ++
 - accelerated implementation of shift to WTO Agreement on Customs Valuation
 - implementation of exit program on pre-shipment inspection

Intellectual Property Rights (IPRs)

- Align domestic legislation with the WTO TRIPS Agreement, strengthen IPR enforcement and update administrative infrastructure

Competition Policy

- Enact competition law (anti-trust, anti-monopoly and establish a Fair Trade Commission)

Government Procurement (GP)

- Has already liberalized its GP regime; make available information on GP laws, policies and opportunities

Deregulation

- Aside from measures being considered in the services and investment areas which also impact deregulation, consider further measures to:
 - deregulate rates and routes in the land and maritime transport sectors
 - eliminate restrictions on domestic borrowings of foreign firms

Rules of Origin

- Align rules of origin with internationally harmonized rules of origin to be adopted as a result of the WTO/WCO process

Dispute Mediation

- Participate in discussions to establish an APEC dispute mediation mechanism
- Resolve disputes with APEC partners through consultations, mediation and/or arbitration using the APEC mechanism, if and when established

Mobility of Business People

- Extend to 2 years multiple entry visas granted to foreign nationals working for Board of Investments (BOI)-registered companies and those holding investor's or trader's business visa
- Extend privilege to 9(a) visa holders from 59-day single-entry to 60-day multiple entry
- Introduce 5-year APEC Business Visa

Implementation of Uruguay Round (UR) Outcomes

- Ensure full and effective implementation of UR outcomes within agreed timeframes

HIGHLIGHTS OF THE IAP: SINGAPORE

1. **Tariffs:** Singapore has committed to bind 100 percent of its tariff lines at zero percent by 2010. We have also included a timetable for the reduction of existing bound tariff lines ahead of our Uruguay Round commitments. In addition, a tentative list (at HS 9-digit level) of additional products for which binding coverage will be extended by 2000 has been included.
2. **Services:** Further to our GATS Commitments, Singapore has embarked on a programme to liberalize certain services sectors. For example, we have recently committed to remove the monopoly in our Basic Telecommunications sector by 2000, 7 years ahead of the intended date for this liberalization exercise. This is also beyond our offer made at the WTO Negotiation Group on Basic Telecoms.
3. **Standards and Conformance:** Singapore's policy is to adopt international standards wherever possible, in line with the WTO agreement on Technical Barriers to Trade. To enhance the clarity in our IAP, we have established a detailed timetable, specifying priority areas for alignment, and end dates to complete them.
4. **Customs:** Singapore is targeting full implementation of the WTO Customs Valuation Agreement by 31 December 1997, 2 years ahead of the deadline agreed to under the Uruguay Round. Singapore is also implementing TradeNet Plus, an extended electronic network to facilitate and simplify Singapore's trading process which will bring Singapore's customs processing system into compliance with UN/EDIFACT by 1999.
5. **Acceleration of UR Implementation:** Wherever possible, Singapore has accelerated the implementation of our UR commitments as follows:

Area	Timeframe under UR	Leaders' Downpayments/ IAP Commitments
Tariffs	UR Tariff Binding Commitments	UR Commitments implemented by 1 January 1996 as part of Leaders' Downpayment.
NTMs	Agreement on Subsidies and Countervailing Duty Measures by 1 January 2003	To implement Agreement on Subsidies and Countervailing Duty Measures by 1 January 2000, 3 years ahead of schedule
Investment	TRIMS by 1 January 2000	Implemented TRIMS on 1 January 1996, 4 years ahead of schedule
Customs	Customs Valuation Agreement by 1 January 2000	Full implementation of CVA by 1 January 1998, 2 years ahead of schedule
Intellectual Property Rights	TRIPS by 1 January 2000	TRIPS to be implemented by 1 January 1999, 1 year ahead of schedule

Annex 1

Area	UR Commitments	IAP Initiatives
Tariffs	Bound 70% of all tariff lines at trade-weighted average of 5.1% (industrial goods) and 10% (agricultural goods)	100% of tariff lines bound at 0% by 2010
NTMs	WTO provisions on NTBs in quantitative restrictions	Not applicable as Singapore does not impose any quantitative restrictions which are inconsistent with WTO provisions
Services	GATS rules in government procurement, emergency safeguards and subsidies wef 1998	Remove the monopoly on Telecoms Services by 2000, 2 years ahead of NGBT schedule
Investment	TRIMS Agreement	TRIMS already in force
Standards and Conformance	TBT and SPS Agreements	Embark on an action plan to align our standards with international standards
Customs Procedures	WTO Customs Valuation Agreement by 1 January 2000	<ul style="list-style-type: none"> • Compliance with UN/EDIFACT standards for our customs processing system • Implementation of WTO Customs Valuation by 1 January 1998
IPR	TRIPS by 2000	TRIPS by 1999
Competition Policy	none	Corporatization of power, gas, broadcasting, telecoms, port services with a view to privatize
Government Procurement	none	Singapore's application for accession to GPA accepted on 20 September 1996. Pending ratification
Deregulation	none	Continue to corporatize and privatize major public services, such as port management
Rules of Origin	WTO Agreement	Harmonization of ROO under WTO/WCO
Dispute Mediation	WTO Agreement	NA
Mobility of Business People	GATS Commitment to allow temporary movement of intra-corporate transfers	NA
Implementation of UR Outcomes		<ul style="list-style-type: none"> • Tariff bindings already in force • TRIMS already in force. • CVA by 1 January 1998 • TRIPS by 1 January 1999 • Subsidies and Countervailing Measures by 1 January 2000

HIGHLIGHTS OF THE IAP: CHINESE TAIPEI

Tariffs

In the area of tariffs, at present, Chinese Taipei's nominal average tariff rate is 8.64 percent: its current trade weighted average is 5.36 percent. In the future, it will reduce tariffs according to the short-term, mid-term, and long-term plans. It will also endeavor to maintain the transparency of its tariff system. It is expected that by the year 2010 its tariff on 65 percent of imported items will be 5 percent or less, and that the nominal average tariff rate will be lowered to 6 percent. Chinese Taipei will continue to review the possibility for deepening the reduction.

Non-tariff Measures

In the area of non-tariff measures, Chinese Taipei maintains non-tariff measures only for reasons of public health, national security, environmental protection, and the adjustment of a small number of sensitive industries. To achieve the goals of the Bogor Declaration and the goal of liberalization of the Osaka Action Agenda, Chinese Taipei will gradually eliminate WTO inconsistent non-tariff measures, according to its WTO accession commitments.

After its accession to the WTO, Chinese Taipei will eliminate the import bans on 31 lines of agricultural products. The import bans on the remaining 91 agricultural items will be replaced by WTO-consistent measures. With respect to the quantitative restrictions on 14 lines of agricultural products, Chinese Taipei will eliminate such restrictions upon accession. The remaining 23 agricultural items subject to quantitative restrictions will be replaced by WTO-consistent measures.

Chinese Taipei will eliminate quantitative restrictions on 6 lines of industrial items upon its accession to the WTO and will gradually phase out quantitative restrictions on 9 industrial items after certain transitional periods. For the remaining 27 industrial items subject to quantitative restrictions, Chinese Taipei will replace them with WTO-consistent measures.

WTO-Consistency

All trade practices of Chinese Taipei will be made WTO-consistent after its accession to the WTO except a very small number of items requiring transitional period.

Services

In the area of services, Chinese Taipei has in recent years pushed through many liberalization measures and reformed regulatory regimes in such areas portfolio investment, capital flow, entry/exit of natural persons, telecommunications, banking, insurance, securities, and transportation. The service part of its IAP, which is structured according to GATS, covers more than 100 sub-sectors. Among them, there is only one MFN exemption and a limited

number of national treatment exceptions. A significant part of the services' commitments have already been implemented, despite that Chinese Taipei is not yet a WTO member.

Government Procurement

In the area of government procurement, Chinese Taipei is undertaking a series of reform measures to make it more efficient, fair, and competitive. Its GPA accession negotiations are expected to be completed in the near future. Through the offers made in conjunction with the GPA accession, Chinese Taipei will ensure that the practice of its central government procurement entities will conform to the requirements of the GPA.

Competition Policy/Deregulation

In the area of competition policy, Chinese Taipei has set the principle of "competition policy in prime and industrial policy in aiding," to guide its future general economic policy. In addition to its commitment to enforce its competition law effectively, it intends to have a comprehensive review of all laws and regulations that may unnecessarily restrict competition. It also plans to enter into cooperation arrangements with other competition authorities, where appropriate; and put forward a proposal for setting up the APEC Competition Law/Policy Database, as a major contribution to achieving the goal of the Bogor Declaration. Chinese Taipei's deregulation efforts so far and its future action plan in the areas of services trade, privatization, import regulation, foreign exchange control, and statutory monopoly or other forms of statutory privilege are by no means insubstantial.

HIGHLIGHTS OF THE IAP: THAILAND

Tariffs	Thailand will regularly review the level of import duties with a view to reducing domestic protection and enhancing trade liberalization	Consistent with the Bogor objective
Non-tariff Measures	Thailand intends to initially increase tariff quotas on imported soybean, soybean cake and skimmed milk powder above its WTO commitments and will gradually do the same for other selected commodities.	Uruguay Round-plus
Services	Thailand's services market will be further liberalized through such initiatives as allowing the operation of privately-owned maritime ports, establishment of additional insurance companies with a higher percentage of foreign equity participation, establishment of additional tourism-related businesses other than those committed under the GATS and the liberalization of the natural gas market and the electricity supply industry.	Uruguay Round-plus of commercial value
Investment	Thailand has initiated action to amend the Alien Business Law to facilitate trade and investment liberalization. Thailand will also relax restrictions to allow majority foreign-owned or wholly foreign-owned projects in the provincial areas to sell freely to the domestic market.	of commercial value, consistent with the Bogor objective
Standards and Conformance	Thailand's standards and conformance system are to be aligned with international standards. As such, Thailand intends to develop technical infrastructure based on those standards and participate in mutual recognition agreements.	consistent with the Bogor objective
Customs Procedures	Thailand's customs procedures will be enhanced through the implementation of an automated system for customs clearance and the use of Electronic Data Interchange (EDI) in international trade.	consistent with the Bogor objective
Intellectual Property Rights	Thailand has initiated steps to advance the establishment of an Intellectual Property and International Trade Court which will ensure effective use and enforcement of intellectual property rights.	Uruguay Round-plus

Competition Policy	Thailand's competition policy and laws are continuously modified to promote and enhance the competitive environment. Enforcement of such laws and regulations will be rigorously undertaken in the interest of producers, traders and consumers.	consistent with the Bogor objective
Government Procurement	Thailand, in general, will comply with the principles of the Government Procurement Agreement of the WTO even though Thailand is not signatory to this agreement.	consistent with the Bogor objective
Deregulation	Thailand intends to progressively privatize the Telephone Organization of Thailand (TOT) and the Communications Authority of Thailand (CAT) which are both currently state-owned organizations.	Uruguay Round-plus, of commercial value Consistent with the Bogor objective.
Mobility of Business People	Thailand will revise its immigration law to introduce multiple entry and re-entry visas for business people by the year 2000.	Uruguay Round-plus. Consistent with the Bogor objective.
Implementation of the UR Outcomes	Thailand will amend relevant laws and regulations to be consistent with the WTO Customs Valuation Agreement and will furthermore implement this agreement earlier than agreed under the Uruguay Round.	Uruguay Round-plus

HIGHLIGHTS OF THE IAP: THE UNITED STATES

The U.S. Individual Action Plan demonstrates the openness of the U.S. economy, the commitment of the United States to the World Trade Organization, and the U.S. commitment to progressively achieving the goals and objectives set by APEC leaders in Bogor and Osaka. The United States has already met the goals and objectives set by APEC leaders in Bogor and Osaka in investment, customs, intellectual property rights, competition policy, dispute mediation, rules of origin, and implementation of the Uruguay Round. In addition, the individual actions taken by the United States in the remaining areas demonstrate our commitment to set the pace in economic expansion in the region.

Tariff barriers in the United States are among the lowest in the world.

- U.S. tariffs will decline to 2.7 percent by 2000. (Virtually all bound in WTO.)
- 35 percent of tariffs will be bound at zero by 2000 – more than one-third of the Bogor target.
- The United States has proposed zero tariffs by 2000 for information technology products to be bound in WTO. The ITA covers over \$100 billion in imports from APEC.
- The United States has proposed additional sectoral initiatives to stimulate APEC trade including chemical harmonization and zero tariffs for such sectors as wood products, oil seeds and oil seed products, white distilled spirits, and non-ferrous metals.

Non-Tariff Measures are maintained only to protect health, safety, security, or the environment or to discharge U.S. obligations under international agreements.

- U.S. budgetary authorization for agricultural export subsidies well below WTO approved levels.

For **Services**, the United States considers its regime is one of the most open – the world's largest recipient and source of foreign investment.

- The United States maintains few MFN or National Treatment restrictions.
- The United States has launched or offered negotiations on highest standards of investment rules with all APEC member economies through the OECD, FTAA, and bilateral initiatives.

The U.S. **Standards** system is open and transparent benefitting foreign and domestic firms.

- U.S. standards activities and regulatory requirements are easily accessible through published documents and the Internet.

Customs procedures for the United States are among the most efficient in the world.

- The U.S. Customs Service has gone far beyond the minimal requirements set out for border enforcement in the TRIPS Agreement.
- The United States established the first location for the North American Trade Automation Prototype on 9 September 1996. The system integrates the three NAFTA Customs administrations and private sector partners to provide seamless integrated Customs processing system.

Intellectual Property Rights (IPR) protection is among the highest in the world, going beyond the WTO and regional arrangements.

U.S. **Competition Policy** and antitrust enforcement promote economic efficiency and maximize consumer welfare.

- Transparency of U.S. competition laws and policies ensures that foreign firms and individuals, including APEC companies, have access to actions taken by enforcement agencies and appellate judicial options.
- The United States has offered to conclude bilateral cooperation agreements with APEC economies.

On **Government Procurement**, the United States is leading efforts to begin negotiations in the WTO on an arrangement on transparency, openness, and due process.

- The United States has actively participated in APEC's collective work on government procurement, for example, by organizing the first in a series of educational seminars designed to set the stage of the development of non-binding principles on government procurement in APEC.

On **Dispute Mediation**, the United States actively uses the WTO dispute settlement procedures and is a signatory to the full range of international instruments for the settlement of disputes between private parties and between private parties and governments.

For **Mobility of Business People**, the United States is prepared to offer its maximum validity business visas (10-year multiple entry B-1 visa), on a reciprocal basis, to business travelers from APEC economies.

Uruguay Round Implementation

- The United States has fully implemented Uruguay Round commitments including the extensive notification requirements of the Uruguay Round.
- The United States developed the UR implementation seminars initiative that provided the basis on which APEC's work program in this area was developed.

OVERVIEW OF COLLECTIVE ACTION PLANS

1. INTRODUCTION

The APEC Committee on Trade and Investment (CTI) coordinated the preparation of action plans which address the Collective Actions contained in 14 of the 15 issue areas of Part 1 (C) of the Osaka Action Agenda (OAA). It contributed too to the remaining area, which was coordinated by the Economic Committee. These Collective Action Plans (CAPs) are intended both to progress activity in each area, as well as to provide a means of monitoring and reporting the achievement of objectives.

The OAA embraces a broad and diverse range of issues, some of which (e.g., competition policy, deregulation, intellectual property) are among the “new wave” of trade liberalisation issues. Others (e.g., customs procedures, standards and conformance, government procurement) are issues of long standing in which the CTI has already the considerable experience of dedicated sub-groups. Rather than impose a rigid and common reporting format, therefore, Convenors were appointed to progress the preparation of CAPs for each of the issue areas and, within certain guidelines, were given flexibility to develop reporting matrices which reflect the nature and stage of development of each issue.

The CTI met five times in the course of 1996, always in association with meetings of its sub-groups, addressing not only CAP reporting matrices but also progressing the considerable body of work for which the OAA calls. There has been a constructive interplay between issues of form and substance as a result, and debates on the design of CAP reporting matrices have entailed thorough discussion of underlying issues. Given that the CAP reporting process will be now rolled-over annually to create “living” documents, the sharing of information and perspectives that it requires should prove to be of ongoing value.

Section B comprises in each case the relevant summary matrix and an associated report from the APEC member which has been acting as Convenor.

The CAP reports have in common the use of a matrix format which identifies the participation of individual APEC members in particular Collective Actions. They also provide an indication of time-frame. The CAP reports on different issue areas nevertheless vary in important respects. Some (e.g., customs, standards and conformance, investment) are highly detailed, reflecting work undertaken already by CTI sub-groups in developing comprehensive action programmes in their respective areas. Others (e.g., tariffs, non-tariff measures, rules of origin) are newly introduced as specific items on the CTI agenda and, in this initial year, adhere quite closely to the text of the OAA. Several (e.g., intellectual property, business mobility, dispute mediation) adopt a narrative approach to describe the actions of APEC member economies, while a few (e.g., UR implementation, government procurement, rules of origin) summarise implementation steps submitted by member economies.

These variations are to be expected in the initial year of a new process requiring detailed consultation between 18 member economies over 15 diverse issue areas. A review will be conducted in early 1997, however, to see if experience might not suggest ways in which greater standardisation could be introduced in the future. CTI members will be asked also to consider how best to achieve a more comprehensive coverage of the issue areas for which the Committee is responsible.

2. OUTPUT AND EXPECTED BENEFITS

Although APEC members have adopted a careful and measured approach to the initial year of the CAP process, the content of CAP formats reveal an encouraging level of APEC “tangible outputs” in the short term. They are listed below, together with a notation of the expected benefits which will result.

Tariffs (convened in association with Non-tariff Measures)(a) Output

- In 1997, an APEC database of customs information and the applied tariffs of member economies which will be publicly accessible by electronic means (e.g., Internet, CD-ROM)
- In 1998, an expanded APEC database containing information and data on customs, tariffs, trade flows and non-tariff measures
- In 1999, a submission to APEC Ministers, based on consensus among members, listing priority sectors in which the progressive reduction of tariffs and non-tariff measures may have a positive impact on trade and economic growth, or for which there is regional industry support for early liberalisation.

(b) Expected Benefits

Additional transparency will improve the knowledge of APEC members about the regional trading environment, assist policy development and facilitate trade by enabling businesses to enhance their understanding and to access information at lower cost. The APEC database will be the first to contain information on applied (as opposed to bound) tariff rates. When expanded to include information on trade flows and non-tariff measures, the database will have additional value as a tool to assist all APEC members to achieve their free trade and investment goal.

Non-tariff Measures (convened in association with Tariffs)

(a) Output

- In 1998, a list of measures recognised as non-tariff impediments to trade among APEC economies and a list of products affected by them
- In 1998, an expanded APEC database containing information and data on customs, tariffs, trade flows and non-tariff measures
- In 1999, a submission to APEC Ministers, based on consensus among members, listing priority sectors in which the progressive reduction of tariffs and non-tariff measures may have a positive impact on trade and economic growth, or for which there is regional industry support for early liberalisation

(b) Expected Benefits

Additional transparency will improve the knowledge of APEC members about the regional trading environment, assist policy development and facilitate trade by enabling businesses to enhance their understanding and to access information at lower cost. The APEC database will be the first to contain information on applied (as opposed to bound) tariff rates. When expanded to include information on trade flows and non-tariff measures, the database will have additional value as a tool to assist all APEC members achieve their free trade and investment goal.

Services

Energy

(a) Output

- In 1996, adoption by Ministers of 14 non-binding energy policy principles
- In 1996, phase II of the Power Infrastructure Initiative, aimed at identifying policies and institutional arrangements conducive to facilitating business sector investment in power infrastructure
- In 1997, phase III of the Power Infrastructure Initiative, involving implementation of the work programmes of the Ad Hoc Business Forum and the Electricity Regulators' Forum, endorsed by Ministers, to mobilise capital for power infrastructure investment

(b) Expected Benefits

Huge amounts of investment capital will be required in the power sector over the period to 2010 to meet the rapid growth in demand for electricity. Traditional sources of investment capital – government budgets and multilateral lending agencies – will be inadequate to meet these investment requirements, and mobilising business sector investment will be crucial to ensure that electricity supply does not act as a bottleneck to economic growth. The business sector has clearly indicated that the level of investment provided will depend on the success of electricity supply industry reforms and associated policies.

Transportation

(a) Output

- In 1996, completion of Phase III of the Road Transportation Harmonisation Project to analyse 51 priority vehicle design features subject to regulation in the region
- In 1996, establishment of an expert group on the privatisation of transportation infrastructure projects
- In 1996, EDI messaging trials in 10 APEC economies
- In 1996, completion of Phase III of the Study of Transportation Congestion Points, including production of a “best practices” manual outlining policies to alleviate transportation congestion
- In 1996, an options paper on more competitive air services for consideration by Transport Ministers
- In 1996, completion of Phase I of the Seafarers Project evaluating the supply of and demand for trained seafarers in the region

(b) Expected Benefits

The Road Transportation Harmonisation Project will lead to greater transparency of road vehicle standards and will identify areas where standards can be harmonised and MRAs agreed, facilitating trade in vehicles. The EDI messaging trials will identify difficulties and problems businesses encounter in using EDI for international trade and transport, enabling wider use of EDI for international regulatory and commercial purposes. *The Congestion Points Study* will result in the identification

of problems affecting the movement of goods and people throughout the APEC region, and the “best practices” manual will provide examples and guidelines that can be used to alleviate congestion. The eight options identified could lead to the provision of more competitive air services in the region. By identifying any imbalances in the demand for and supply of seafarers, APEC will improve the efficiency of sea transport and improve trade.

Telecommunications

(a) Output

- In 1996, agreement by 16 APEC economies to conform by 1998 to the APEC Guidelines for Trade in International Value-Added Network Services
- In 1996, adoption of a reference list of elements of a fully liberalised telecommunications services sector expected to be present in each APEC economy by or before 2010/2020
- In 1997, development of a model MRA on conformity assessment and implementation on an elective basis

(b) Expected Benefits

Improved harmonization of telecommunications standards and conformance will remove impediments to the telecommunications industry. Liberalisation of telecommunications services markets will enhance the development of APEC members and provide improved access to information technology.

Tourism

(a) Output

- In 1996, a seminar in Chile on overcoming impediments to tourism movements and investment in tourism

(b) Expected Benefits

Tourism is an important sector for APEC economies and has the potential to become an even greater contributor to the economic growth of the region. Removing impediments to tourism will promote this.

Other Services

(a) Output

- In 1996, work commenced on developing a work programme to seek collective actions in sectors other than the four covered by APEC Working Groups, to begin with information exchanges on barriers and impediments to services trade.

(b) Expected Benefits

The services sector is a large and expanding component of the economies of all APEC members. Increased transparency, and improved understanding of services-related issues, will assist APEC to meet its targets for liberalising and facilitating all services trade in the region.

Investment

(a) Output

- In 1996, publication of a new edition of the *APEC Investment Guidebook* in both electronic and hard copy formats
- In 1996, organisation of a business symposium in Tokyo in September.

(b) Expected Benefits

The collection and exchange of information will enhance the understanding of the regional investment environment on the part of APEC members and business communities, and expand members' knowledge of the priorities of the APEC business sector. The transaction costs of individual investment decisions will be reduced by the availability of authoritative and comparable information on the investment regimes of all APEC members.

Standards and Conformance

(a) Output

- In 1996, undertake alignment of member economies' standards with international standards in the following priority areas: electrical and electronic appliances (airconditioners, televisions, refrigerators, radios and their parts, and video apparatus); food labelling; and rubber gloves and condoms
- In 1996, completion of an APEC guide on alignment of member economies' standards with international standards
- From 1996, participation in standardisation activities of international standardisation bodies (ISO and IEC) in the following priority sectors: building and construction and hazardous area equipment
- In 1996, publication of the Report on Case Studies of Alignment with International Standards
- In 1996, completion of APEC Mutual Recognition Arrangement on Conformity Assessment of Foods and Food Products (APEC Food MRA)
- In 1996, completion of Arrangement for Exchange of Information on Toy Safety between APEC member economies
- From 1996, establishment of and participation in a network of mutual recognition arrangements in voluntary sectors
- In 1996, adoption of a Mid-term Technical Infrastructure Development Programme (1996–2000)
- In 1996, an APEC Seminar on Bulk Pharmaceuticals in Vancouver (January), an APEC Seminar on Electromagnetic Compatibility in Singapore

(August), and the first APEC Conference on Standards and Conformance in Manila (October)

- In 1997, a survey on technical infrastructure development for measurement standards, laboratory management and accreditation; inspection bodies' quality systems, and certification bodies accreditation
- From 1997, implementation of a Partners for Progress (PFP) project on standards and conformity assessment schemes
- By 1997, a survey to assess the availability of, and access to, standards and conformance information in APEC member economies with a view to establishing a database and network system.
- In 1997, an APEC Seminar on Environmental Management Standards

(b) Expected Benefits

Alignment with international standards and the achievement of MRAs will reduce substantially the costs of cross-border trade among APEC members. They will assist also in reducing technical barriers to trade. While all business sectors will benefit, SMEs stand to gain in particular because of the reduced complexity of trade-related technical procedures. Consumers will also benefit with the availability of better quality products at competitive prices.

Customs Procedures

(a) Output

- In 1996, harmonisation of tariff nomenclature among APEC members to the six-digit level through adoption of the WCO Harmonised System
- In 1996, customs seminars on computer applications (Singapore, August) and risk management (China, September)
- In 1996, a direct Customs–Industry Dialogue through an exhibition and symposium in Manila 15–16 October
- In 1997, adoption of the principles of the WTO Valuation System
- From 1997, implementation of a Partners for Progress (PFP) project on standards and conformity assessment schemes
- By 1997, a survey to assess the availability of, and access to, standards and conformance information in APEC member economies with a view to establishing a database and network system
- In 1997, an APEC Seminar on Environmental Management Standards

- In 1998, a publicly available information manual on APEC members' customs laws, regulations, administrative guidelines, procedures and rulings

- In 1998, adoption of the principles of the Kyoto Convention

- By 1999, computerisation of APEC Customs procedures via UN/EDIFACT

- By 2000, introduction of an Advance Classification Ruling System

- By 2000, adoption of the principles of the WTO TRIPS Agreement
- By 2000, clear appeal procedures introduced by all APEC members
- By 2000, facilities for temporary importation provided by all APEC members

(a) Expected Benefits

Customs procedures have an immediate and tangible effect on the cost of cross-border trade in goods. The simplification of procedures and efficiency gains resulting from APEC work will reduce such costs and benefit both traders and consumers. They will also facilitate trade participation by a broader cross-section of enterprises, and SMEs in particular, through a reduction in the complexity of transactions. The direct involvement of the private sector in the APEC process will accelerate simplification and harmonisation goals.

Intellectual Property Rights

(a) Output

- In 1996, compilation of a Contact Points List and, from 1997, dissemination of the list on the APEC Secretariat Internet Home Page
- In 1996 and 1997, a scheduled programme of workshops and symposiums, including the APEC Industrial Property Rights Symposium in Tokyo (August 1996)
- In 1996, a survey of domestic IPR legislation
- In 1996, a study of trademark systems in each member economy for the purpose of facilitating the application of trademark registration in multiple APEC economies
- In 1997, an exchange of information on current practice concerning well-known trademarks, to study and explore ways in which the protection of well-known marks can be further enhanced
- In 1997, a survey of enforcement systems to develop principles for enforcement
- In 1997, a survey on technical cooperation to promote implementation of the TRIPS Agreement
- From 1997, a Partners for Progress (PFP) project on Industrial Property Rights, with the first training project to be held in Thailand (February–March 1997)

(b) Expected Benefits

The collection and dissemination of information will improve the understanding of IPR issues among APEC members and provide a basis for a programme of technical cooperation to facilitate TRIPS implementation. It will also support ongoing work in the WTO and WIPO. Enhanced information on IPR contacts will facilitate follow-up of specific issues as needs arise.

Competition Policy (convened in association with Deregulation)

(a) Output

- In 1996, a second workshop of APEC experts convened in Davao in August to discuss competition policy and deregulation issues
- From 1997, implementation of APEC Partners for Progress Technical Assistance Seminars on Competition Policy

(b) Expected Benefits

Improved transparency and understanding of the interrelationship between competition policy and law, deregulation and other policies related to trade and investment will help APEC members to enhance the competitive environment in the region, to the benefit of producers, traders and consumers.

Government Procurement

(a) Output

- In 1996, development and distribution to APEC members of a list of Government Procurement (GP) contacts
- In 1996, establishment of an APEC GP Homepage on the Internet with linkages to the GP Homepages of individual members where available
- In 1996, an APEC seminar on GP Agreements convened in Manila in October
- In 1997, completion of a survey on the GP systems of APEC members and arrangements to publish APEC information on GP
- In 1997, an APEC Seminar on GP Bid Challenges Procedures (Chinese Taipei) and a GP Training Course (China)

(b) Expected Benefits

APEC work will enhance the transparency of members' GP regimes, facilitate access to GP opportunities, and contribute to the evolution of work on government procurement in multilateral fora.

Deregulation (convened in association with Competition Policy)

(a) Output

- In 1996, coverage of the benefits of regulatory reform in a workshop of APEC competition policy experts convened in Davao in August.
- In 1997, reports from individual economies covering reforms to their domestic regulatory regimes and remaining regulatory barriers through the IAP process

(b) Expected Benefits

Improved transparency and understanding of APEC economies' regulatory regimes will assist in correcting distortions which impact on free and open trade and investment in the Asia-Pacific region.

Rules of Origin (Policy, convened in association with UR Implementation)

(a) Output

- In 1996, a seminar on rules of origin convened in the Philippines in August
- In 1996, member assessments of compliance with procedural obligations under the WTO Agreement on Rules of Origin, including notification responsibilities
- In 1997, publication of a comprehensive Guidebook on preferential and non-preferential rules of origin

(b) Expected Benefits

APEC initiatives will enhance understanding of the policy and practice of rules of origin, result in comprehensive information being made available to the private sector, and will help to ensure implementation of the WTO Agreement on Rules of Origin.

Dispute Mediation

(a) Output

- In 1997, publication of a list of the arbitration, mediation and conciliation services available in APEC member economies

(b) Expected Benefits

The availability of comprehensive information on alternative dispute resolution services will assist in the amelioration of disputes between private parties in the Asia-Pacific region, and between private parties and APEC economies.

Mobility of Business People

(a) Output

- In 1996, publication of the *APEC Business Travel Handbook* providing information on the short-term entry and visa arrangements of APEC member economies

(b) Expected Benefits

Business travellers in the APEC region will benefit from readily available information on business travel requirements. Information exchange on business mobility issues will improve understanding of member economies' regulatory regimes and assist dialogue on streamlining and accelerating the mobility of business people.

UR Implementation (convened in association with Rules of Origin Policy)

(a) Output

- In 1996, convening of UR Implementation Seminars on Agriculture (Mexico City, March), SPS/TBT (Manila, May), and the WTO Anti-dumping Agreement (China, December)

(b) Expected Benefits

The 1996 seminars complement a series of four seminars held in 1995 on different UR Agreements (GATS, Rules, TRIPS and ROO). Together, they will assist APEC members in understanding and meeting UR commitments and constitute an important element in APEC's contribution to the WTO process.

Information Gathering and Analysis

(a) Output

- In 1996, activation of a Trade and Investment Data Database
- In 1996, publication of a report on Foreign Direct Investment, including coverage of Competition Policy and Intellectual Property issues
- In 1997, research on the significance of formal and informal sub-regional trading arrangements
- In 1997, a report of case studies on member economies' investment rule-making and liberalisation, and their impacts on specific industries
- In 1997, an econometric model based on a general equilibrium framework and qualitative analysis of the economic impact of trade liberalisation under the Manila Action Plan for APEC (MAPA)

- In 1997, publication of the *1997 APEC Economic Outlook* which will include coverage of the benefits of trade and investment liberalisation
- (b) Expected Benefits

These outputs will provide information required to implement fully several areas of Part 1 (C) of the OAA, and will also provide APEC members with information needed to assess progress and guide the direction of future work. They will also help APEC members to demonstrate to wider constituencies, including the business sector, the returns accruing from the progressive implementation of the OAA.

3. CONCLUSION

In summary, 1996 has been a valuable period of development of the new and important procedures arising from the OAA. There has been a positive response to the transition of the APEC process from design to execution. Expectations of initial year outcomes have been realistic, but tangible results are evident even at this stage. They are likely to be increasingly attainable as the CAP process becomes less novel and more routine. Experience in the initial year will be evaluated, with a view to refining future formats and procedures.

OVERVIEW OF ECONOMIC AND TECHNICAL COOPERATION

The Osaka Action Agenda defined the three essential elements of Economic and Technical (ECOTECH) Cooperation as consisting of Common Policy Concepts, Joint Activities, and Policy Dialogue. Each of the thirteen areas of ECOTECH has a defined set of goals, basic principles, and priorities which constitute its Common Policy Concepts which guide the formulation of joint activities and provide information on the development of each economy's policies and activities.

Policy Dialogues also constitute an important element of APEC's ECOTECH work. These dialogues allow the Working Groups and APEC Fora to develop and review the goals, priorities, themes, and joint activities of each ECOTECH area with the view of ensuring relevance in the work programs of APEC. The dialogues also allow APEC economies to share expertise and experience and exchange views on their policies and activities in line with ECOTECH goals and priorities.

Specific joint activities are being undertaken by the Working Groups and APEC Fora on the basis of the goals, priorities, and themes outlined in the Osaka Action Agenda for each work area under economic and technical cooperation. There are a total of three hundred twenty joint activities and one hundred fifty one sub-activities under APEC Economic and Technical Cooperation Agenda as of November 1996. A review of the progress of these joint activities was undertaken in 1996 with the view of determining ways by which economic and technical cooperation may be pursued with greater focus and coherence, as well as to ensure that resources for these activities are well-allocated and managed for greater benefits to all APEC economies. The progress report of these joint activities are all integrated in the APEC Actions Reporting Monitoring Systems (ARMS) which was developed by the Philippines as a management tool for APEC ECOTECH activities.

APEC ECOTECH joint activities as reported by Working Groups number as follows:

Human Resources Development		86
Industrial Science and Technology		41
Small and Medium Enterprises	20	
Energy		43
	13	Transportation
Telecommunications and Information	26	
Tourism		10
Trade and Investment		5
	13	Trade Promotion
Marine Resource Conservation		7
Fisheries		12
Agricultural and Technical Cooperation		35
Economic Infrastructure		9
		320

HUMAN RESOURCES DEVELOPMENT

The Human Resources Development (HRD) Working Group has made considerable inroads in addressing priority and program areas outlined in the HRD Action Program under the Osaka Action Agenda. Eighty six joint activities, including completed, ongoing, and new projects, were implemented by the HRD Working Group from 1995 to 1996.

The HRD Working Group also launched a Labour Market Information (LMI) database and established an LMI home page on the Internet. These initiatives provided business people and investors easier access to information that would assist in their decisions on trade, investment, and employment ventures.

Joint activities identified by the HRD Working Group to further strengthen initiatives toward the development of the region's human resource include:

- a) Improving the Understanding of Culture in APEC;
- b) Comparability and Disparity of Skills Testing Standards in the Asia-Pacific Region;
- c) Cross Cultural Training for SMEs on Interactive CD-ROM;
- d) Business Management of Joint Implementation Projects: Challenges for APEC;
- e) Global Advantage Through People: HRM Policies and Practices in APEC Economies;
- f) Network of Technology Practice Firms in APEC;
- g) Technology Management for SMEs;
- h) Trade and Investment Insurance Training Program;
- i) Cross-Cultural Management of Technical Cooperation;
- j) APEC Symposium on HRD: Toward the Implementation of Lifelong Learning for TILF;
and
- k) APEC Seminar on Youth Innovation Entrepreneurs.

The APEC HRD is faced with the challenge of continuing joint activities intended to prepare a more responsive work force that is ready to meet the challenges of the next century.

INDUSTRIAL SCIENCE AND TECHNOLOGY

Industrial Science and Technology (IST) is an essential element in developing and sustaining economic growth in the Asia-Pacific Economic Cooperation region. The improvement of industrial science and technology in the region based on continuing cooperation among APEC economies will lead to the creation of new industries, high paying jobs, and progressive social welfare. The realization of these building blocks is crucial toward the IST vision of enhanced economic growth, quality of life, environmental protection, and a well-balanced industrial structure.

The Osaka Action Agenda outlined six priority areas for IST, namely:

- a) Technological Information and Technology;
- b) Improved Researcher Exchange and Human Resource Development;
- c) Facilitation of Joint Research and Development Projects;
- d) Improved Transparency on Regulatory Frameworks;
- e) Contribution to Sustainable Development; and
- f) Enhanced Policy Dialogue and Review.

Guided by these priority areas, the IST Action Program has 41 projects to date. It has completed at least 20 specific projects and sub-activities, including meetings, workshops, seminars, symposia, surveys, researches and studies. Three projects initiated under the key priority of Enhanced Policy and Review are:

- a) APEC Industrial Science and Technology Indicator;
- b) Guidebook on the Industrial Science and Technology Policies of APEC member economies, and
- c) Comparative Study into the Research Linkages between Universities and Industry in Selected APEC economies.

SMALL AND MEDIUM ENTERPRISES

The promotion of Small and Medium Enterprises (SMEs) as a means to achieve sustainable growth is part of the overall APEC objectives of open trade and investment, as well as economic and technical cooperation in the Asia-Pacific region. Noting particular advantages and common difficulties faced by SMEs in APEC member economies in an increasingly free and open trading environment, the SME Action Program has identified five priority areas where concrete projects and joint activities can be pursued:

- a) human resource development;
- b) information access;
- c) technology and technology sharing;
- d) financing, and
- e) market access.

Ten projects in the SME sector have been completed in 1996, and seven new projects have been identified:

- a) APEC Center for Entrepreneurship;
- b) SME Statistical Indicators;
- c) Feasibility Study to Create a Database of Information on SME Performance;
- d) Study of Best Practices in the Management of Technological Extension Programs Oriented toward SMEs;
- e) Forum on Public Policies for SMEs in APEC and Opportunities for APEC's SME in South America;
- f) APEC Conference for Entrepreneurship; and
- g) Franchising Mission Pilot Project.

SMEs, as a cross-cutting concern in APEC, shall be considered in the development and implementation of joint activities in the other Working Groups and APEC Fora.

Acknowledging the work done by other international organizations on SMEs, member economies will also have to establish and maintain close linkages with non-APEC international organizations to exchange information, complement each other's activities, and build on each other's best practices. APEC economies will likewise enhance partnerships with the private sector and engage support groups contributing to the development of SMEs to address the growing challenges and opportunities facing SMEs, including concerns of women entrepreneurs and SMEs in the rural areas.

ENERGY

Regional energy consumption has been increasing alongside the economic expansion of the Asia-Pacific region. In view of the challenges posed by the dynamism of the region, the Energy Working Group (EWG) is working toward the simultaneous achievement of

economic growth, enhanced energy security, and mitigation of the impact of energy on the environment (3Es).

The EWG has achieved the following:

- a) established the Asia Pacific Energy Research Center (APEREC) in August 1996;
- b) expanded the Energy Database with the collection of the members' 1994 energy statistics;
- c) established the Ad Hoc Business Forum on Regional Cooperation for Power Infrastructure and the Electricity Regulators Forum;
- d) pursued and facilitated a broad range of multilateral programs, including those related to coal and clean coal technology, renewable energy sources, and end-use energy conservation measures; and
- e) endorsed a process to reduce costs through cooperation on energy standards. To be implemented in 1997 is a project on Regional Harmonization of Appliance Energy Efficiency Standards. In August 1996, the APEC Energy Ministers held their inaugural meeting and discussed major energy challenges confronting the region as well as identified areas of cooperative action in power infrastructure development, mitigating environmental impacts of energy supply and use, promoting cooperation on energy standards, and endorsement of the 14 non-binding investment energy policy principles.

The development of APEC as a sustainable energy community can be achieved by enhancing closer cooperation among member economies.

TRANSPORTATION

The Transportation Working Group (TPT) was created to foster economic development in the Asia-Pacific through recommendations to increase the efficiency of the regional transportation system. Issues like efficient and safe services, increasing demand and the urgency for optimization in the use of technical systems are included in the agenda of the working group.

Recognizing that a safe and efficient transportation system must be one of the foundations for continued economic expansion in the region, the major focus of TPT's work program is to promote the adoption of international safety regulatory areas, and to remove bottlenecks in the region's transportation system.

Since it was formed in 1991, the TPT has held nine Working Group meetings and held a Ministerial meeting in 1995. Since 1995, it has completed several major deliveries, among them, the establishment of an aviation safety experts group, the first meeting of the Urban Transport Forum, and an options paper for more competitive air services with fair and equitable opportunity. One of its major projects scheduled to be completed in 1996 is the *Congestion Points Study* which addresses transportation "bottleneck" issues. Several TPT projects of a cross-cutting nature have been identified, including:

- a) the transportation component of work in the Economic Infrastructure forum;
- b) the Oil Spills Management project, which is related to sustainable development;
- c) the Transport Electronic Data Interchange project, which interfaced with the work of the Sub-Committee on Customs Procedures; and
- d) the Seafarers project, which incorporates elements of human resources development.

To promote transparency among the APEC member economies, information exchange and policy dialogues have been realized through regular reports on transportation policies of individual economies and various seminars. Private/business sector participation in Working Group meetings and activities has also been increasing.

TELECOMMUNICATIONS AND INFORMATION

The priority of the Telecommunications Working Group (TEL) is to develop an Asia Pacific Information Infrastructure (APII), which will promote policy and regulatory measures to liberalize further trade and investment in the region's telecommunication and information sector. This project is also envisioned to contribute in continuing efforts to facilitate business in the region, in promoting universal access to telecommunications services, in promoting cooperation in the areas of human resource development, and in increasing cooperation between APEC and other international institutions.

Since it was established in 1990, the TEL has held 14 Group Meetings and completed at least 11 joint activities. In implementing related joint activities such as the Electronic Data Interchange (EDI) and Distance Learning Projects, TPT coordinated with working groups undertaking similar and complementary joint activities such as the Transportation Working Group and the Human Resources Development Working Group, respectively.

Policy dialogues have also been enhanced with regular bi-annual reports and updates of individual economies on their regulatory and policy environment. It published the third edition of the *Telecommunications Regulatory Environment in APEC Member Economies*

The TEL has also broadened and deepened its links with non-APEC entities by involving and inviting to its meetings members of the business and private sectors, including the Pacific Economic Cooperation Council (PECC), WTO, GBT, and delegates from telecommunication firms.

TOURISM

The growth of the tourism industry in the region constitutes an important element in the overall development efforts of APEC member economies. The Tourism Working Group has therefore focused its attention on addressing impediments to tourism movements and investment, as well as on liberalizing trade and investment associated with the tourism travel industry.

The TWG has implemented 12 joint activities from 1994 to 1996, and identified ten new projects for implementation in 1997. Its major initiatives include:

- a) a report on the barriers to tourism investment and liberalization of trade in services;
- b) a report and symposium on major ecosystems of importance to tourism, as well as on identifying management strategies and techniques available for tourism;
- c) a study of the economic impact of tourism in the region, and
- d) a database of statistical information on the nature and extent of the tourism industry in the region.

The recommendations of the report on impediments to tourism growth and the results of the symposium on management challenges in tourism are being studied by the TWG in order to carry out the essential next steps. Further work will also be pursued in the area of promoting environmental and social sustainability to tourism development.

TRADE AND INVESTMENT

Realizing that unresolved discrepancies in trade and investment data may lead to incorrect analyses of economic conditions and inappropriate policy and commercial responses, the Trade and Investment Data (TID) Working Group is pursuing efforts to minimize discrepancies in merchandise and services trade statistics and investment flows data, as well as to maximize utility of these data among APEC economies.

A major output of the TID Working Group toward this end is the establishment of the Trade and Investment Database (TIDDB), which will provide policy makers and advisers with the most consistent and up-to-date statistical measurements of trade liberalization and investment activities in the region. APEC economies will be able to load, access, and compare bilateral trade and investment data through the TIDDB. Efforts are also being pursued to improve the comparability and merchandise data across APEC members, initially focusing on services and investment data. The merchandise trade data, covering the period 1991 to 1995, and bilateral data on services trade and foreign direct investment will have been supplied by members and loaded into the TIDDB by the end of 1996.

Challenges which need to be addressed in this area include:

- a) standardization of format for the supply of data to the TIDDB;
- b) availability of services trade and foreign direct investment data at the bilateral level for APEC members;
- c) generating resources for the collection and compilation of data; and
- d) long term management of the TIDDB.

TRADE PROMOTION

The Working Group on Trade Promotion (WGTP) seeks to sustain and further the dynamism of intra-regional trade through activities defined along five priority areas:

- a) trade promotion,
- b) trade financing,
- c) trade skills and training,
- d) trade information sharing, and
- e) business sector participation in the WGTP.

The WGTP completed six projects in 1996 and laid the groundwork for five others that are slated in 1997. A project of great interest concerns the facilitation of strategic alliances among enterprises in the APEC region. The WGTP likewise implemented joint activities that address the cross-cutting themes of SMEs and HRD. To encourage private/business sector participation in WGTP activities, the Working Group held meetings back-to-back with Trade Promotion Organizations.

In its future work, the WGTP will be concentrating on providing expanded trade opportunities, promoting mutual understanding of trade promotion measures of APEC economies, and deepening the involvement of the industrial and business sectors in the working group.

MARINE RESOURCE CONSERVATION

The efficient use and protection of the environment is essential to the economic viability of economies in the Asia Pacific given that fisheries and aquaculture products are major trade commodities of the region, and that the diversity of marine organisms has significant potential for new fisheries development and other economic benefits. Increasing tourism in the region also demands a clean and attractive environment.

The Marine Resource Conservation (MRC) Working Group prioritized the completion of the following activities in 1995 and 1996:

- a) three projects on coastal zone planning and management;

- b) dialogues with concerned organizations to enhance coordination in the implementation of relevant UNCED recommendations in areas such as marine pollution from land-based sources, climate variability and impacts, role of oceans in climate and global systems; and
- c) series of activities that address concerns of marine algal toxins (red tide/harmful algal blooms).

A workshop on the impact of destructive fishing practices on the environment will be conducted in Hong Kong in 1997. For completion in the year 2000 is a program to provide training, infrastructure, and oversight measures necessary to establish harmony in policies, procedures and capabilities to enable the export/import of fishery products without concern for algal toxins.

FISHERIES

Established in 1991, the Fisheries Working Group (FWG) has worked to maximize the benefits from and the sustainability of fisheries resources within the region for the common benefit of all APEC members. Its action program is based on the following priorities:

- a) promoting trade and investment liberalization in the seafood sector;
- b) enhancing food safety and quality of fish resources;
- c) promoting sustainable development of aquaculture; and
- d) solutions to common fisheries management problems.

In 1996, the FWG completed six projects, namely:

- a) publication of *Who's Who in Fish Inspection* in the region;
- b) feasibility study on improving market information on seafood trade in APEC;
- c) inventory of fisheries management administrations and organizations in the region;
- d) several technical workshops on seafood health and quality rules;
- e) technical workshop on the principles of HACCP- based seafood inspection; and
- f) technical workshop on quality assurance in seafood inspection laboratories.

New joint activities are also being undertaken by the FWG in research, training, and information exchange on the experiences of member economies on a wide range of fisheries management issues.

AGRICULTURAL TECHNOLOGY COOPERATION

Agriculture is an important sector for many APEC economies for its vital role in the sustenance and economic progress in the region. Since agricultural development has been strongly influenced by technology, strengthening Agricultural Technology Cooperation (ATC) among APEC economies will have significant impact on the improvement of production capability, increased food variety and quality, as well as balanced agricultural development, resource utilization and conservation in the region. The ATC initiatives provide an opportunity to enhance the ability of agriculture and its related industries to contribute to the region's economic growth and social well-being.

The ATC work program is essentially guided by seven priority areas namely:

- a) Conservation and Utilization of Plant and Animal Genetic Resources;
- b) Research, Development, and Extension of Agricultural Biotechnology;
- c) Marketing, Processing, and Distribution of Agricultural Products;
- d) Plant and Animal Quarantine and Pest Management;
- e) Cooperative Development of an Agricultural Finance System;
- f) Agricultural Technology Transfer and Training; and
- g) Sustainable Agriculture.

On-going and completed activities of the ATC in 1996 include:

- a) development of the individual genetic resource database;
- b) resource paper addressing commercialization issues and outlining work on the harmonization of biosafety and public perception;
- c) exchange of an agricultural experts contact list with Pacific Economic Cooperation Council (PECC) counterparts in the areas of marketing, processing and distribution of agricultural products to facilitate coordination and efficient resource utilization;
- d) collection and exchange of information on agricultural finance systems and technical cooperation capacities of individual member countries;
- e) Conduct of a Workshop on the Implementation of the Uruguay Round Sanitary and Phytosanitary Agreement; and
- f) conduct of several seminars, symposia, and workshops to transfer technology and information.

ECONOMIC INFRASTRUCTURE

APEC economies face an enormous challenge of putting in place and maintaining the infrastructure required to support increased business, economic, and social transactions in the region. Failure to address these challenges will undermine APEC's continuing effort to promote sustained growth and the general well-being of the people in the region. These factors provide the impetus for APEC's decision to consider infrastructure development a top priority in its action agenda. APEC's action program on Economic Infrastructure will seek to promote dialogue and cooperation among APEC economies and with the private sector in addressing the stresses on economic and social infrastructure, and the environment, from growth in population, rapid urbanization, and rising levels of economic activities.

The Action Program for Infrastructure Development was developed in 1996 to establish the foundation for APEC work on Infrastructure Development.

Joint activities under the Action Program include the conduct of analytical work on a wide range of infrastructure issues, implementation of measures and activities to promote information sharing and training to enhance the environment for infrastructure improvement, and conduct of public-private sector dialogue. Also completed in 1996 is an "infrastructure best practices" publication to guide government officials, investors, developers, and lenders. The APEC Infrastructure Work Plan covers other cross-cutting issues in APEC such as public health and environment concerns, dispute mediation mechanism, human resource development, and gender considerations.

SUSTAINABLE DEVELOPMENT AS AN OVER-ARCHING THEME FOR APEC ECONOMIC AND TECHNICAL COOPERATION

The First Ministerial meeting on Sustainable Development held in Manila on 11-12 July 1996 identified three themes for increased and sustained sustainable development work in APEC, namely:

- a) sustainable cities;
- b) clean production/clean technology, and
- c) sustainability of marine environment.

Following the recommendation of the Sustainable Development Ministerial Meeting, the Industrial Science and Technology Working Group has developed a cleaner production strategy, and the Marine Resources Conservation Working Group developed a strategy to address sustainability of the marine environment with APEC.

The APEC Senior Officials have agreed to review sustainable development work in APEC annually, through the various working groups, in close coordination with the Economic Committee, for the purpose of reviewing activities, providing guidance to APEC fora, and developing ways to measure the success of these efforts.

**ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
MINISTERIAL MEETING**

**Manila, Republic of the Philippines
22-23 November 1996**

JOINT STATEMENT

1. Ministers from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, 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 participated in the Eighth Asia-Pacific Economic Cooperation (APEC) Ministerial Meeting convened in Manila, Philippines on 22-23 November 1996. Members of the APEC Secretariat were also present. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers.
2. The President of the Republic of the Philippines, H.E. Fidel V. Ramos opened the Meeting by extending the warmest welcome to all delegates attending the Eighth APEC Ministerial Meeting. He stated that as this year's APEC Chair, the Philippines has set three leadership tasks for itself, namely: carrying out the Manila Action Plan for APEC 1996 (MAPA '96), strengthening economic and technical cooperation, and engaging the private sector in the APEC process. He stressed that APEC has moved from the commitment-making phase of setting vision, goals and agenda, to the action phase of carrying out individual and collective initiatives. In his remarks, he also emphasized the importance of economic and technical cooperation as an instrument of deepening the spirit of community among APEC economies.
3. The meeting was chaired by H.E. Mr. Domingo L. Siazon Jr., Secretary of Foreign Affairs of the Republic of the Philippines. In his opening remarks, Secretary Siazon cited the significance of MAPA '96, the Declaration on an Asia-Pacific Economic Cooperation Framework on Strengthening Economic Cooperation and Development and the other reports and recommendations of the various APEC fora as measures of APEC's progress toward free and open trade. He stressed the need for APEC to remain a catalyst for harmonizing economic growth and equitable sustainable development to preserve its relevance as well as its future. He called for a stronger commitment to open regionalism which should be the guide for discussions at the WTO Ministerial Meeting in Singapore. Finally, he urged the member economies to foster among them a stronger sense of community in order to realize their common aspiration for regional peace built on prosperity.
4. Speaking on behalf of the Chairman of the Seventh APEC Ministerial Meeting, H.E. Mr. Yukihiko Ikeda of Japan expressed deep appreciation for the Philippines' chairmanship of APEC in 1996. He stressed how APEC this year has steadily addressed the challenge of taking a firm step toward steady implementation of the Osaka Action Agenda. He noted the submission of individual action plans of all members, the steady results in the activities being

undertaken in the economic and technical cooperation areas, the discussions on the Food, Energy and Environment, Economic Growth, and Population (FEEEP) initiative, and the recommendations set forth by ABAC outlining the aspirations of the business sector. He cautioned Ministers not to fall into complacency as APEC is to be maintained as a dynamic, evolving process and enjoined the Ministers to provide the political direction. He emphasized that the tasks of the Manila Meeting are to solidify the prosperity and cooperation in this region and to show the world that the APEC process is worthy of great credibility.

5. Ministers reaffirmed their commitment to the full and effective implementation of the Osaka Action Agenda (OAA) to achieve the APEC goal of free and open trade and investment by 2010 and 2020 and to the principles of comprehensiveness, WTO consistency, comparability, non-discrimination, transparency, standstill, simultaneous start, continuous process and differentiated timetables, flexibility and cooperation. Ministers re-emphasized the importance of taking forward progressively the action plans.

I PROGRESS ON THE 1995 APEC ECONOMIC LEADERS' DECLARATION FOR ACTION AND APEC ACTION PROGRAM FOR 1996

6. In response to the Leaders' mandate at Osaka, Ministers considered the Individual Action Plans (IAPs) and the Collective Action Plans (CAPs) of member economies and the Progress Reports on Joint Activities for Part II of the OAA.

7. Ministers welcomed the progress achieved by Senior Officials in ensuring that this year's outputs reflected a balance and complementarity among the three pillars of the OAA, namely, trade and investment liberalization, trade and investment facilitation, and economic and technical cooperation.

The Manila Action Plan For APEC (MAPA)

8. Ministers adopted the Manila Action Plan for APEC 1996 (MAPA '96) for endorsement to APEC Economic Leaders. MAPA integrates the IAPs, CAPs, and Progress Reports on Joint Activities of APEC members and the various APEC Fora. They also agreed on the importance of private/business sector comments and views, particularly from ABAC, as member economies pursue the evolution of MAPA '96, individually and collectively, towards the goals set by the Bogor Declaration and the OAA.

9. Ministers recognized the value of the APEC Actions Reporting and Monitoring System (ARMS) as a management tool and directed that the APEC Secretariat be immediately given the resources to adopt it in order to assist the Working Groups and APEC Fora in the review of APEC plans and programs.

Trade and Investment Liberalization and Facilitation

Individual action plans

10. In Part I of the OAA, Ministers acknowledged APEC's unique approach in advancing liberalization and facilitation through members' individual actions and collective actions covering 15 specific areas, namely: tariffs, non-tariff measures, services, investment, standards and conformance, customs procedures, intellectual property rights, competition policy, government procurement, deregulation, rules of origin, dispute mediation, mobility of business people, implementation of Uruguay Round (UR) outcomes and information gathering and analysis.

11. Ministers welcomed the submission by member economies of Individual Action Plans (IAPs) which generally conform to the principles and guidelines reflected in Part I of the OAA and which show progress toward format standardization taking into account the guidelines developed this year by the Committee on Trade and Investment (CTI). Ministers noted that these Plans represented the members' individual voluntary commitments and the first concrete step taken by individual member economies to put into action their commitment towards achieving APEC's long term goal of free and open trade and investment. Ministers recognized the IAPs as a credible beginning to the process of liberalization and noted the rolling nature of the IAPs and the importance of continuing consultations and annual review in order to sustain the process of voluntary improvements of the IAPs. Likewise, they took note of the importance of ensuring transparency of and comparability among the respective Action Plans and their implementation in conformity with the principles set out in the OAA. Ministers noted the need for the CTI to assist in this process.

12. Ministers confirmed that member economies will implement their IAPs starting January 1997 and that APEC will review implementation of these IAPs and make further improvements in accordance with the OAA. They further welcome views and comments on the IAPs from the business community and other interested private sectors towards future improvements of IAPs.

Collective Action Plans and trade and investment issues

13. Ministers welcomed the 1996 annual report of the Committee on Trade and Investment (CTI) and endorsed the report's recommendations.

14. Ministers commended the CTI for its comprehensive work in advancing the objectives of the OAA. They noted with satisfaction that the Committee had successfully discharged the major tasks that had been delegated by APEC Senior Officials, namely, management of the preparation and implementation of CAPs, development of format guidelines for IAPs and preparatory discussions on the proposed Information Technology Agreement (ITA).

15. Ministers welcomed the substantial contribution of the CTI and its sub-groups to advancing the trade and investment liberalization and facilitation agenda, particularly in

introducing practical trade facilitation measures and developing innovative cooperative approaches to reducing impediments to trade and investment in the region. Ministers also welcomed the submission by the CTI of the Collective Action Plans (CAPs) of member economies consistent with the objectives, guidelines and collective actions contained in the OAA. The CAPs contain APEC's actions to advance work in the 15 issue areas and provide a mechanism for both monitoring and progressing work in each area. Ministers acknowledged the initial deliverables and the progress of CAPs as significant achievements which will pave the way for expanded collective actions in the future.

16. Ministers reaffirmed the importance of APEC's collective actions in supporting and complementing IAPs and in assisting all members to achieve the goal of free and open trade and investment by 2010/2020 in accordance with OAA. They recognized that APEC's collective actions would contribute significantly to improving the transparency of trade and investment regimes, developing the capacity of essential infrastructure in areas such as standards and conformance, customs and intellectual property, facilitating the conduct of business activities, supporting the full, effective and timely implementation of UR obligations and lowering transaction costs.

17. Ministers agreed that business facilitation measures offered by CAPs both contribute to and support APEC's work of reducing transaction costs, simplifying administrative procedures, improving transparency and promoting understanding of the trade and investment environment of the region. Examples of these outputs include the APEC Tariff Database, APEC publications on members' investment regimes, customs procedures, rules of origin, business travel, government procurement and intellectual property regimes, an Umbrella Mutual Recognition Arrangement of Conformity Assessment for Food and Food Products, an Arrangement for the Exchange of Information on Toy Safety, a guide for the alignment of members' standards with international standards, and the harmonization of tariff nomenclature and other customs procedures.

18. Ministers also welcomed the successful launching of projects to be funded through the Trade and Investment Liberalization Fund (TILF) Special Account and encouraged members to further utilize this mechanism to promote trade and investment liberalization and facilitation.

19. Ministers approved the collective actions set out in the CAPs and, stressing the evolving nature of the CAPs, called on the CTI to continue work on expanding and advancing collective actions next year.

20. Ministers stressed the increasing importance of investment as a vehicle of economic growth in the Asia-Pacific region. Business plays a central role in investments. In this regard, Ministers welcomed the progress made in 1996 by relevant APEC fora and directed the Senior Officials to continue their efforts.

21. Ministers welcomed the decision by Australia, Korea, and the Philippines to proceed with a trial of an APEC Business Travel Card in 1997. They noted the value of the APEC Business Travel Card initiative as a contribution to enhancing the mobility of business people in the APEC region. Ministers also welcomed actions of other economies in

enhancing business mobility, through among others, visa-waiver arrangements and multiple-entry business visas.

22. Ministers also welcomed the fact that technical assistance programs developed by the Sub-Committee on Customs Procedures for key customs issues will be delivered in 1997.

23. In the area of Intellectual Property Rights, Ministers commended the IPR Get-Together for its substantial progress this year which contributed to the enhancement of APEC-wide cooperation in this new and challenging area.

24. Ministers commended the work of the Experts' Group on Government Procurement in advancing the transparency of members' government procurement regimes, thereby facilitating access to government procurement opportunities and contributing to the evolution of work on government procurement in multilateral fora.

25. In the area of Dispute Mediation, Ministers noted the report contained in Annex II of the CTI's annual report and welcomed the fact that APEC will publish a list of arbitration, mediation and conciliation services available in member economies.

26. Ministers welcomed the holding of a second successful workshop on competition policy and deregulation in Davao in August. They thanked New Zealand for organizing it and noted that a further workshop would be held in 1997 with a view to continuing the exchange of views and policy dialogue in these important areas.

Contributions to the WTO Singapore Ministerial Conference

27. The Ministers reaffirmed the primacy of the multilateral trading system in global trade liberalization. Ministers reiterated their commitment to the multilateral liberalization process and affirmed APEC's commitment to play a significant reinforcing and complementary role in that process, drawing on the dynamism of its own vision and goals.

28. Ministers emphasized their strong support for the success of the first WTO Ministerial Conference in Singapore. They stressed the importance they attach to the full, effective, and timely implementation of the Uruguay Round agreements and commitments to realize the full potential of trade liberalization. In this regard, Ministers endorsed APEC's active role in providing assistance to member economies and directed the CTI to undertake further work in this area. Ministers agreed that the Singapore Ministerial Conference should take concrete actions to strengthen the multilateral system, particularly through attention to Uruguay Round implementation and to launching a practical and forward-looking work program.

29. Ministers emphasized the commitment to successfully completing the WTO ongoing negotiations on financial services, basic telecommunications and rules of origin within the agreed timeframes. Similarly, Ministers look forward to the resumption of negotiations on other services, including on maritime transport, which are scheduled to begin in due course.

30. Ministers agreed that the built-in agenda provide the basis for a balanced work program for the WTO, stretching into the next century. They agreed that further work – the process of analysis and information exchange – would proceed before undertaking negotiations and reviews mandated in the Uruguay Round agreements according to the timetable set.

31. Ministers welcomed initiatives to pursue freer and non-discriminatory trade in goods and services. In recognizing the importance of the information technology sector in world trade, Ministers endorsed the efforts at the WTO to conclude an information technology agreement by the Singapore Ministerial Conference and urged all other members of the WTO to work toward that end.

32. Ministers stressed the importance of the WTO as a dynamic forum to play a central role in ensuring that the multilateral trading system continues to respond to developments in the world economy. They also considered it essential that the many existing and emerging regional trade agreements be consistent with the WTO and look forward to the work of the committee on Regional Trade Agreements. Ministers encouraged the acceleration of the substantive negotiations on protocol issues and market access with a view to achieving universality of WTO membership.

Economic and Technical Cooperation

Progress on joint activities and results of relevant ministerial meetings

33. Ministers welcomed the more than 320 projects that the various Working Groups/Fora have undertaken. These projects are described in their Progress Reports on Joint Activities, which also provide an indication of the impact that these projects have created upon APEC goals and objectives. Ministers recognized the value of monitoring and assessing the impact of these projects on a continuing basis. The Ministers commended the Working Groups/Fora for their collective efforts to reduce economic disparity among APEC economies, improve the economic and social well-being of the people, and to achieve sustainable growth and equitable development in the Asia-Pacific region.

34. Ministers also welcomed the successful launching of the Partners For Progress (PFP) projects and encouraged all the member economies to further utilize the PFP mechanism to promote economic and technical cooperation in APEC.

35. Ministers acknowledged the tangible benefits that the member economies can derive from the APEC Center for Technology Exchange and Training for SMEs (ACTETSME), the Asia Pacific Energy Research Center (APEREC), APEC Labour Market Information (LMI) System, Trade and Investment Data Database (TIDDB) System, Asia Pacific Information Infrastructure (APII) and the seminars, symposia, workshops, training sessions, surveys and studies, trade fairs, publications and other forms of practical cooperation taken up by the member economies. The Ministers urged the Working Groups/Fora to carry out among themselves close coordination and collaboration towards the effective and efficient implementation of joint activities to address cross-cutting issues and broader themes or objectives in APEC.

36. Ministers directed the Working Groups and APEC Fora to address the challenges they have identified in their progress reports and to report on the outcomes of their efforts and activities to the Senior Officials.

a. Human Resources Development

37. Ministers commended the Human Resources Development (HRD) Working Group for its work to date, particularly for the development and implementation of over 80 joint activities, which is anchored on the Action Program on HRD and the Ministerial Statement – Call for Action on HRD. Ministers thanked the Philippines for hosting the First HRD Ministerial Meeting in January 1996.

38. Ministers noted the results of the Ministerial Meeting on HRD which accorded priority attention and action to the following areas of the HRD Action Program: analysis of labor market issues, management and strengthening of small and medium enterprises, expansion of project initiatives on mutual recognition of skills qualification, provision of better opportunities for cross-member investment in the delivery of educational services and skills training, and continuous development of leadership skills for managers.

39. Ministers welcomed the priority accorded to Labour Market Information (LMI), including the launching of the LMI database, Canada's hosting of an LMI best practices seminar, the identification of LMI focal points for each member economy, the establishment of an LMI home page on the Internet and the launching of the Education and Telecommunication Network (EduNet) program. Ministers also noted the University-Industry Linkages as a significant undertaking to promote HRD for sustainable development.

40. Ministers further directed the HRD Working Group to sustain and continue its initiatives based on the Action Program and the HRD Ministerial Meeting results and to develop specific objectives in support to the HRD Ministerial theme of "Preparing the APEC Workforce for the 21st Century." Ministers also tasked the HRD Working Group to closely collaborate its efforts with other APEC Working Groups and fora in order to ensure that the cross-cutting nature of HRD is addressed.

Ministers welcomed the decision to hold the Second HRD Ministerial Meeting in Korea in September 1997.

b. Industrial Science and Technology

41. Ministers acknowledged the progress accomplished in the Ministers' Conference on Regional Science and Technology Cooperation, as well as in the Industrial Science and Technology (IST) Working Group Meeting, and expressed satisfaction that the IST Working Group had taken significant steps to respond to the challenge of developing a Clean Production/Clean Technology Strategy. Ministers directed the Senior Officials to consider its Terms of Reference, which will be formally reviewed for approval at the 12th Meeting of the IST Working Group, to ensure effective coordination between the IST Working Group and the other APEC Working Groups/Fora, and to oversee the strategy's

future implementation. Ministers welcomed the *Handbook for Members* including the APEC IST Joint Research Promotion Guidelines which will lead to efficient and effective operation of the IST Working Group.

42. Ministers thanked the Republic of Korea for hosting the Second Ministers' Conference on Regional Science and Technology Cooperation in November 1996. Ministers noted the focus on researcher exchange and human resource development which focused on the theme "Creativity and Mobility of Researchers Across APEC." Ministers also took note of the goals set by the Seoul Declaration to promote greater sharing of S&T information, training and research programs and research facilities; to strengthen the exchange of scientific and technical men and women across the region through measures that might include lowering institutional and non-institutional barriers and developing new and enhanced mechanisms for exchange; and to attract creative and talented young people to take up careers in science and technology.

Ministers welcomed the decision to hold the next Ministers' Conference in Mexico in 1998.

c. Small and Medium Enterprises

43. Ministers thanked the Philippines for hosting the Third Small and Medium Enterprises (SME) Ministerial Meeting in September 1996 and noted with satisfaction the developments achieved at that meeting and Policy Level Group Meetings and agreed that SME Action Program should focus on initiatives that would result in direct benefits to SMEs in all APEC member economies. Ministers further encouraged an enhanced partnership with the private sector, a sustained collaboration with other APEC Working Groups/Fora and an active participation of support groups contributing to the development of SMEs to enable APEC to address the growing challenges and opportunities facing SMEs, including concerns of women entrepreneurs and SMEs in rural areas. Ministers also called for the incorporation of SME priorities throughout the APEC agenda.

44. Ministers endorsed the recommendations of SME Ministers for member economies to reach out to SMEs in the region and to strengthen APEC work to bring the greater benefit for SME activities through participation of support groups contributing to the development of SMEs.

45. Ministers welcomed the progress in the implementation of the SME Action Program, noting the completion of ten projects by APEC economies. They took special note of the successful establishment of the APEC Center for Technology Exchange and Training for SMEs (ACTETSME) at Los Baños, Laguna, Philippines. Ministers also noted that the 1997 SME Ministerial will promote the continued development of SME priorities through the APEC agenda.

d. Energy

46. Ministers welcomed the vigorous approach taken by the Energy Working Group (EWG) to meet the major energy challenges confronting the region. Ministers thanked Australia for hosting the First Energy Ministers Meeting in August 1996, and noted with

satisfaction that Energy Ministers at their meeting in Sydney had approved a number of initiatives to meet these challenges.

47. These initiatives included the adoption of non-binding energy policy principles to give impetus to regional initiatives to reform the energy policies for incorporation into member economies' domestic energy policy deliberations; the implementation, in conjunction with the business sector, of a program of reform designed to mobilize business investment in power sector infrastructure; the adoption of a strategic approach to reducing environmental impacts of energy supply and use; and the development of a work program for increased cooperation on energy standards. Ministers also welcomed the establishment of the Asia Pacific Energy Research Center in Tokyo and noted that the Center will provide a valuable input to future policy deliberations. Ministers welcomed the decision that Canada and Japan will host the meetings of Energy Ministers in 1997 and 1998, respectively.

48. Ministers noted that energy policy principles have implications beyond the energy sector. In this regard Energy Ministers agreed that they should be brought to the attention of APEC Economic Leaders. Similarly, because of the importance for APEC as a whole of the work underway on power infrastructure investment, Energy Ministers have sought the support of APEC Economic Leaders to expedite the proposed work program.

e. Transportation

49. Ministers were pleased with the progress made by the Transportation Working Group (TPT) during 1996 towards its goal of increasing the efficiency and improving the safety of the regional transportation system. In particular, they expressed satisfaction with the Transportation Congestion Points Study which will be completed in 1996, the Road Transport Harmonization Project, its survey of aviation personnel licensing requirements in the region, the first meeting of the Working Group's Urban Transport Forum and an options paper on more competitive air services with fair and equitable opportunity which had been transmitted to Transportation Ministers and included in the MAPA.

50. Ministers noted the priorities for cooperation and action identified by Transportation Ministers during their first meeting in Washington in June 1995 and noted the advice that the Transportation Ministers are to meet again in June 1997 in Victoria, Canada.

51. Ministers also expressed appreciation for the efforts of the TPT to address cross-cutting concerns in areas such as infrastructure, sustainable development, human resource development and electronic data interchange.

f. Telecommunications

52. Ministers commended the Telecommunications Working Group (TEL) for advancing work on the Osaka Action Agenda and took note of its move to restructure the TEL Working Group.

53. Ministers thanked Australia for hosting the Second Ministerial Meeting on Telecommunications and Information Industry in September 1996, at which the Gold Coast

Declaration and the Joint Statement were adopted. Ministers welcomed the Declaration's renewed commitment to implement the five objectives and the ten principles of the Asia-Pacific Information Infrastructure (APII) and its Program of Action that included 13 Collective Actions. They also recognized the progress the Telecommunications Working Group made in adopting a *Reference List of Elements of a Fully Liberalized Telecommunications Services Sector*, and a growing range of cooperative activities and pilot projects in the telecommunications and information sectors. Ministers encouraged the TEL to move forward its cooperative activities to include developing on an elective basis a model Mutual Recognition Arrangement (MRA) for trade in telecommunications equipment; conformance, where appropriate, with APEC guidelines for trade in International Value-Added Network Services (IVANS) by 1998; general conformance, where appropriate, with APEC guidelines for harmonization of equipment certification; and implementing the APII. Ministers further encouraged the TEL to expand collaboration with other working groups and fora in its cross-cutting efforts to facilitate the development of business in the region and to develop human resources.

54. Ministers welcomed plans to hold the next Ministerial Meeting in Singapore in 1998.

g. Tourism

55. Ministers noted the initiatives of the Tourism Working Group (TWG) in the conduct of joint activities identified in the Osaka Action Agenda. Among the major accomplishments of the TWG are a study on impediments/barriers to tourism, a report and symposium on major ecosystems of importance to tourism, and management strategies and techniques available for tourism.

56. Ministers further noted the on-going work on the economic impact of tourism in the region, and welcomed initiatives to develop and implement a communication plan in the long term to enhance understanding and awareness of the economic impact of tourism in the region. Ministers also noted the work on a feasibility study on a decentralized electronic database on tourism information/statistics.

57. Ministers noted the proposal of the Philippines to host a Meeting of Ministers-in-charge of Tourism in an effort to provide greater focus and coherence to the TWG's initiatives and welcomed projects geared towards promoting human resources development in the travel and tourism industry. Ministers also encouraged the TWG to develop and establish programs that would promote the understanding of cultural heritage of APEC member economies in order to further sustain tourism development and growth in the region.

58. Ministers further directed the TWG to look into the recommendations of the report on the impediments to tourism development and results of the Symposium on Environment and Tourism in order to further promote social and economic sustainability of tourism in the region. They further encouraged the collaboration of the TWG with the private sector and other sectors in order to address priorities outlined in the Action Program.

h. Trade and Investment Data

59. Ministers recognized the progress made in the Trade and Investment Data Working Group (TID), with special regard for the Trade and Investment Data Database (TIDDB) System, a state-of-the-art tool which can be used to supply, load, store, present and analyze any statistical data, and expressed appreciation for the demonstration of a major deliverable. Through the database system, the TID proposes to provide the region's policy makers and advisers with the most consistent and up-to-date statistical measures of trade and investment between APEC member economies. Ministers called for closer cooperation among member economies to ensure the supply of the latest annual bilateral data on merchandise trade and to improve the availability, consistency and supply of bilateral data on services, trade and investment. Ministers encouraged coordination between the TID and the Tariff Database Task Force to explore the expansion and compatibility of their work programs.

i. Trade Promotion

60. Ministers commended the progress made by the Working Group on Trade Promotion (WGTP) in implementing projects in the five priority areas established at Osaka and took special note of the incipient efforts along the line of facilitating strategic business alliances among enterprises in the APEC region. Ministers likewise commended the efforts of the WGTP to engage the private/business sector in its work by holding its meetings back-to-back with meetings of the APEC Trade Promotion Organizations.

j. Marine Resource Conservation

61. Ministers noted the progress being made in the Marine Resource Conservation Working Group (MRC) Action Program as reported during their meetings in Kaohsiung, Chinese Taipei on 23-25 April 1996 and in Phuket, Thailand on 27-29 September 1996.

62. Ministers commended the MRC for its response to the recommendations made by Ministers during the Ministerial Meeting on Sustainable Development held on 11-12 July 1996 in Manila. Ministers endorsed the Strategy to Address Sustainability of the Marine Environment within APEC adopted by the working group. Ministers noted that the MRC is directed to take the lead role in developing APEC's efforts to improve dramatically the sustainability of the marine environment in the APEC region, as endorsed in the Sustainable Development Ministerial Declaration and the Action Program for Sustainable Development in APEC. In this regard, Ministers instructed the MRC to take into account activities in other relevant international and regional organizations.

k. Fisheries

63. Ministers acknowledged that the implementation of the Action Program of the Fisheries Working Group (FWG) is progressing as scheduled. Ministers noted that the new projects adopted by the FWG in its seventh meeting held in Santiago, Chile on 29 May-2 June 1996, will further advance its goals and priorities as reflected in the Osaka Action Agenda.

64. Ministers also called for closer collaboration between the FWG and the MRC WG in the conduct of joint activities that are cross-cutting in nature. Particularly noted in this respect is the need for collaboration on joint activities which should address concerns that cut across marine resources and the marine environment. Ministers welcomed the offer of Mexico to host the next meeting of the FWG in May 1997.

l. Agricultural Technical Cooperation

65. Ministers welcomed the creation of an Experts' Group in Agricultural Technical Cooperation (ATC) which would implement the ATC Action Program outlined in the Osaka Action Agenda. Likewise, Ministers noted the refinements in the ATC Action Program which included the addition of sustainable agriculture as a priority area and the clustering of the priority areas on technology into agricultural technology transfer and training. The ATC has agreed that it would work closely with the EC Task Force on Food to ensure complementarity of their work. Ministers took note of the ATC joint activities, all of which are progressing as scheduled.

66. Ministers thanked Australia and the Philippines for graciously hosting the 2nd ATC Experts' Meeting in May 1996 and the Special ATC Meeting in October 1996, respectively, given the short notice. Ministers also expressed appreciation to Chinese Taipei for its efforts in making a significant contribution at these two meetings.

m. Sustainable Development

67. Ministers thanked the Philippines for hosting the First Ministerial Meeting on Sustainable Development in Manila in July 1996. Ministers especially commended the Ministerial Declaration and Action Program for Sustainable Development in APEC and endorsed its recommendations including the themes of sustainability of the marine environment, clean production/clean technology, and sustainable cities. They noted that APEC's work on sustainable development underscores the complementarities between trade liberalization, economic development, and environmental protection.

68. Ministers also noted the progress of sustainable development work in various APEC fora and the contribution of, *inter alia*, the MRC WG and IST WG meetings held in September 1996 and the Senior Environment/Economic Officials' Meeting held in October 1996, toward ensuring a sustained effort in addressing the themes of Sustainability of the Marine Environment, Clean Technology/Clean Production and Sustainable Cities.

69. Ministers called upon the Ministerial Meeting on Sustainable Development which will be held in Canada in 1997 to develop concrete recommendations that would set clear directions on how the various APEC fora could advance sustainable development work called for in the Declaration and the Action Program. As a cross-cutting concern in APEC and as a priority consideration in APEC goals and objectives, Ministers directed the Senior Officials to further explore opportunities for collaborative work on Sustainable Development in APEC's over-all action program in its economic, social and environment scope.

70. Ministers agreed that Senior Officials shall undertake an annual review of and dialogue on sustainable development work in APEC. In this regard, the APEC Secretariat shall come up with an annual compilation of all sustainable development work undertaken by the various APEC fora. The Senior Officials may further task the Economic Committee to do analytical work, if necessary.

Economic and cross-cutting issues

71. Ministers welcomed the report of the Economic Committee (EC) and noted the important contributions of the EC in providing analysis and study of issues relevant to achieving sustainable growth and equitable development within the APEC region. Ministers commended the EC on the excellent work done on the *1996 APEC Economic Outlook* and *The State Of Economic and Technical Cooperation in APEC*. Ministers found *The State of Economic and Technical Cooperation in APEC* useful in providing an overview of the wide-ranging and cross-cutting issues and information on all the activities currently underway within APEC. The report suggested how these projects could be more effectively coordinated for better results and higher impact on the region.

72. Ministers also noted the on-going projects/activities of the task forces under the Economic Committee that address the various issues in the areas of economic and technical cooperation, trade and investment liberalization and facilitation. In particular, they welcomed the high priority being given to infrastructure by the committee. Ministers emphasized the importance of APEC cooperating with other regional and multilateral fora active in this area and the need to add value in its work. This can be achieved by avoiding duplication of existing activities and increasing involvement in areas not yet adequately covered. Furthermore, they thanked Indonesia and the United States for considerably advancing exchange of information on best practices in infrastructure development during the Best Practices Roundtable at Seattle. They welcomed the offer by Mexico to host a third APEC Public-Private Sector Roundtable in 1997 focused on infrastructure planning. Ministers approved the Action Program on Infrastructure and agreed to append it to the Osaka Action Agenda, taking note of the emphasis on cross-cutting issues. They also commended the publication of a compendium of *Best Practices* as a result of the Roundtable at Seattle in July 1996.

Ministers welcomed the initiative to launch a cooperative dialogue among export credit agencies at the annual infrastructure roundtables to identify best practices and to contribute to APEC's efforts to facilitate privately-financed infrastructure projects.

73. Ministers tasked the Working Groups and APEC Fora to consider the structural issues identified in *The State of Economic and Technical Cooperation in APEC* in the development and implementation of joint activities. The Working Groups and APEC Fora were further directed to explore the possibility of collaborative work on issues that are cross-cutting in nature.

74. Ministers called for closer coordination among the different APEC Fora that have cross-cutting and inter-locking concerns in order to maximize the prospects of promoting sustainable growth and equitable development in the region. Ministers noted with satisfaction

that the Economic Committee had completed a productive first two years in support of APEC's trade and investment liberalization and facilitation agenda, as well as its large and diverse economic and technical cooperation activities. Ministers also endorsed its renewed mandate and revised Terms of Establishment as recommended by Senior Officials.

Progress of work on the long-term interrelated issues of Food, Energy, Environment, Economic Growth, and Population

75. Ministers welcomed the Economic Committee's brief report on progress made in advancing the Leaders' Initiative on the Impact of Expanding Population and Economic Growth on Food, Energy and the Environment (FEEEP).

76. Ministers were pleased to note that the newly created EC Task Force on Food (TFF) under the auspices of the Economic Committee, co-chaired by Japan and Australia, had agreed on its work plan. TFF will initially examine regional food issues in order to promote the understanding within APEC of these issues as called for by Leaders. Thereafter, TFF will explore possible options for initiating joint action to deal with regional food challenges that could arise in the future.

77. Ministers noted also the relevance of work arising from the Ministerial Declaration and Action Program for Sustainable Development in APEC and the activities of the APEC Fora and Working Groups such as the Human Resources Development, Marine Resources Conservation, and Fisheries Working Groups which would help advance the FEEEP initiative.

78. Ministers also noted the work undertaken by the Energy Working Group which has relevance to FEEEP, particularly its efforts to reform and liberalize regional energy markets, to ensure that energy does not become a constraint on the region's economic growth and the expected APEC regional energy outlook to be prepared by APERC. Ministers also noted the relevance to FEEEP of its work to identify expected trends in energy demand and supply, and to reduce the environmental impacts of energy supply and use.

79. Ministers welcomed the commitment of the relevant APEC Fora to contribute to FEEEP work in a timely manner to report to Leaders at their meeting in Vancouver in 1997. Ministers supported the possible involvement of relevant APEC fora in FEEEP-related work. Ministers also welcomed Canada's offer to host a symposium on FEEEP in September 1997 to allow for broader public input into APEC's consideration of these issues. Ministers expressed their appreciation for the work that has been done to put in place a process to respond to the Leaders' call at Osaka. They also noted that the work in the related fora as well as in the symposium could contribute in particular to the global environmental issues to be discussed internationally next year.

II STRENGTHENING ECONOMIC COOPERATION AND DEVELOPMENT IN APEC

80. Ministers recognized the importance of strengthening economic and technical cooperation in APEC toward the attainment of sustainable growth and equitable development and improving the economic and social well-being of the people in the region.

81. Ministers endorsed the Declaration on an APEC Framework for Strengthening Economic Cooperation and Development. The Declaration identifies the themes, priorities, specific goals and guiding principles that will govern the nature and character of a strengthened economic and technical cooperation towards an Asia-Pacific community.

82. Ministers agreed that economic and technical cooperation in APEC must be goal-oriented and that activities have specific milestones and performance criteria. They gave priority to joint cooperative activities which (1) develop human capital, (2) develop stable, safe and efficient capital markets, (3) strengthen economic infrastructure, (4) harness technologies for the future, (5) safeguard the quality of life through environmentally-sound growth, and (6) develop and strengthen the dynamism of SMEs. Ministers also emphasized the need for collaborative efforts between the private/business sector and the public sector in the development and implementation of economic and technical cooperation activities in APEC.

83. Ministers also emphasized the mutually complementary and supportive relationship between liberalization, facilitation, and economic and technical cooperation and urged that APEC's activities reflect this balance.

III PRIVATE SECTOR PARTICIPATION

84. Ministers took note of the recommendations of the APEC Business Advisory Council (ABAC) and welcomed ABAC's role in providing high-level private/business sector advice to the APEC process. They expressed appreciation for the ABAC report which ABAC will present to the APEC Economic Leaders.

85. Ministers expressed their appreciation for the excellent work done by ABAC under the able leadership of the ABAC Chair and Co-Chairs.

86. Ministers encouraged Senior Officials, Working Groups, and other APEC fora to study its recommendations in their work.

IV ORGANIZATIONAL AND BUDGET ISSUES

APEC Secretariat

87. Ministers expressed deep appreciation for the exemplary work done by Ambassador Armando Q. Madamba, Executive Director of the APEC Secretariat, the directors and the staff of the Secretariat in supporting the various APEC Committees and Working Groups and the APEC process as a whole. Cognizant of the need to harmonize the relationship between the APEC Secretariat and the various APEC fora, Ministers endorsed the recommendations of the Task Force on Management Issues and instructed Senior Officials to implement the recommendations as soon as possible.

Membership and Participation Issues

88. In Manila in 1996, Ministers decided not to extend the moratorium with the view to admitting a limited number of new members. Ministers reiterated that APEC is an open and evolving process. The Ministers agreed that in Vancouver in 1997, the set of criteria for evaluating applications will be adopted after being refined and updated. The Ministers further agreed that in Kuala Lumpur in 1998, new members will be announced based on the adopted criteria. The new members will be admitted in Auckland in 1999.

89. Ministers discussed the issue of non-member participation in APEC Working Group Activities and adopted the Consolidated Guidelines relating to this matter which was endorsed by the Senior Officials. These guidelines will replace the existing rules that govern the process of non-member participation in APEC Working Group activities.

Budget and Administrative Issues

90. Ministers commended the Budget and Administrative Committee (BAC) for its work during the year in evaluating project proposals, streamlining procedures, and enhancing operational and administrative efficiency and effectiveness. Ministers approved the 1997 Budget of US\$8,090,917 as proposed by the BAC and recommended by Senior Officials. Ministers also approved the 1997 contribution of US\$2,947,000 and the formula for calculating individual member's contribution levels, as proposed by BAC and recommended by Senior Officials. Ministers expressed appreciation to Japan for its contributions to the 1997 TILF Special Account.

V OTHER MATTERS

Appreciation to the SOM

91. Ministers commended the Senior Officials for their dedicated work and excellent outputs in 1996.

Preparation for the Ninth Ministerial Meeting

92. Ministers thanked Canada for the valuable briefing on the preparations for the Ninth APEC Ministerial Meeting to be held in Vancouver in 1997.

Venues for future APEC Meetings

93. The Tenth and Eleventh Ministerial Meetings will be held respectively in Malaysia in 1998 and in New Zealand in 1999. Ministers welcomed the offer of Brunei Darussalam to host the Twelfth Ministerial Meeting in the year 2000.

94. Ministers noted the statements delivered by the ASEAN Secretariat, Pacific Economic Cooperation Council (PECC) and South Pacific Forum (SPF).

95. In his closing statement, Secretary Siazon expressed satisfaction for the achievements made during the year including the Manila Action Plan for APEC 1996, the Declaration on an Asia-Pacific Framework for Strengthening Economic Cooperation and Development, the decision on APEC membership, the consideration of WTO-related issues and the discussions that have brought APEC forward, thus setting the ground for the Leaders' meeting in Subic.

He called on the Ministers to keep on moving forward and think of other initiatives that will keep the spirit of APEC shining bright. He welcomed Canada's Chairmanship next year and expressed appreciation to all the Ministers for their patience, diligence and good humor that made it easier to accomplish so much in such a short time. He also thanked the Executive Director and the staff of the APEC Secretariat. Finally, he offered deepest appreciation to the hard-working officers and staff of the Philippines' APEC National Organizing Committee who have made the Philippine hosting of APEC a success.

**DECLARATION ON AN
ASIA-PACIFIC ECONOMIC COOPERATION
FRAMEWORK FOR STRENGTHENING ECONOMIC
COOPERATION AND DEVELOPMENT
Manila, Republic of the Philippines November 1996**

We, the Ministers of Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, 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, meeting in Manila on 22-23 November 1996,

1. **Recalling** the vision articulated by the Leaders on Blake Island of an Asia Pacific community built upon the growing interdependence and cooperation in the region;
2. **Heeding** the call made by the Leaders in Bogor for APEC to lead the way in intensifying development cooperation in the region;
3. **Building** on the essential elements of economic and technical cooperation contained in the Osaka Action Agenda, as one of the three pillars on which to deepen the spirit of community in the Asia-Pacific;
4. **Acknowledging** that economic and technical cooperation and trade and investment liberalization and facilitation are mutually complementary and supportive;
5. **Recognizing** the need for a new framework of economic cooperation and development which will provide greater focus and coherence in the growing number of regional programs and activities in the economic and technical cooperation areas;
6. **Conscious** of APEC's achievements in the area of economic and technical cooperation since its foundation;

To this end, Ministers jointly resolve to:

Adopt the following Framework for Strengthening Economic Cooperation and Development to guide member economies in the implementation of Part II of the Osaka Action Agenda, entitled Economic and Technical Cooperation.

I. GOALS

We agree that the goals of economic and technical cooperation and development in APEC are:

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

II. GUIDING PRINCIPLES

1. In line with APEC's fundamental principles, we will pursue economic cooperation and development in the region on the basis of:

- **mutual respect and equality**, including respect for diversity and the different situations of members, focusing on member economies' strengths;
- **mutual benefit and assistance**, with a firm commitment to making genuine contributions toward the goals of sustainable growth and equitable development and reducing disparities in the region, based on the APEC member economies' diverse and complementary capabilities;
- **constructive and genuine partnership**, creating opportunities for mutually beneficial exchange between and among industrialized and developing economies, thus promoting the development and dynamism of the economies in the region. This will include a working partnership with the private/business sector, other pertinent institutions, and the community in general, to ensure that cooperation is consistent with market principles. This partnership will engender cooperative undertakings toward the efficient allocation of resources and reduction of economic disparities within an increasingly integrated Asia-Pacific community; and
- **consensus building**, in line with the consultative, consensual approach nurtured through the development of APEC, while respecting the autonomy of each economy through their voluntary participation.

2. We emphasize the need to jointly undertake economic and technical cooperation activities that will promote the full participation of all men and women in the benefits of economic growth. In pursuing these activities, we shall be guided by our responsibility in making economic growth consistent with environmental quality.

III. CHARACTER OF APEC ECONOMIC & TECHNICAL COOPERATION

1. To achieve our goals, we agree that economic and technical cooperation in APEC must be goal-oriented with explicit objectives, milestones, and performance criteria.

2. Considering the increasing role of the private/business sectors in APEC, we encourage them not only to participate but also initiate economic and technical cooperation activities in line with APEC goals. Thus, economic and technical activities can combine government actions, private sector projects and joint public-private activities with the public sector playing a direct or indirect role in creating and enabling an environment for private sector initiative.

3. To help build a growing sense of community and promote a spirit of enterprise that leads our people to work with and learn from each other in a cooperative spirit, economic and technical cooperation activities should draw on voluntary contributions commensurate with member economies' capabilities and generate direct and broadly shared benefits among APEC member economies to reduce economic disparities in the region.

IV. ORGANIZING THEMES AND PRIORITIES1. To achieve sustainable growth and equitable development, and benefit from the move towards free and open trade and investment, and to promote the welfare of economies of the region, we give priority to joint cooperative activities which:

- **develop human capital**, the region's main asset in economic development, to broaden the benefits of economic growth, deepen the basis for sustainable growth, and strengthen social cohesion domestically and regionally;
- **develop stable, safe and efficient capital markets** to promote capital flows that generate real economic returns, to mobilise domestic savings through broad, deep capital and financial markets, as discussed by the Finance Ministers Meeting and to enhance the environment for private investment in infrastructure;
- **strengthen economic infrastructure** to eliminate bottlenecks to economic growth, especially in such areas as telecommunications, transportation, and energy, in order to further integrate members into the regional economy, and the region into the global economy;
- **harness technologies for the future** to ensure that APEC joint activities promote the flow and expand the capacities of its members to absorb existing industrial science and technology as well as develop new technologies for the future, thus promoting a free flow of information and technology;
- **safeguard the quality of life through environmentally sound growth** by promoting sound policies and practices, taking into account concerns about sustainable development; and
- **develop and strengthen the dynamism of Small and Medium Enterprises** so that they may respond more efficiently and effectively to market developments in a more open and liberal economic development.

2. We will support new themes that may emerge in the cooperation process that are consistent with the goals and guiding principles defined in this framework.

3. In consonance with the goals, principles, and themes laid out in this Declaration, we hereby urge working groups and other relevant APEC fora to coordinate with each other and integrate their work on cross-cutting issues to achieve focused outcomes and demonstrate breakthroughs in advancing the goals of APEC in the light of Part II of the Osaka Action Agenda and the themes mentioned in paragraph 1 of this section.

4. We are confident that by giving further coherence and direction to our economic and technical cooperation we will contribute substantially to the goal of a prosperous Asia-Pacific community as we move towards the 21st century.

CONSOLIDATED GUIDELINES ON NON-MEMBER PARTICIPATION IN APEC WORKING GROUP ACTIVITIES

Approved by the 8th APEC Ministerial Meeting held in Manila in November 1996

Introduction

It is understood that APEC Working Group (WG) activities are those activities approved by the APEC WGs and participated in by a large number of APEC members, including WG meetings, workshops, seminars, symposiums, training courses, etc.

In general, non-member economies, organisations and business/private sector representatives may apply and/or be invited to APEC WG activities subject to the following guidelines.

Categories of Participants

In general, APEC has only four categories of participants in its WG activities:

- *Members* (It is up to each member to decide whom to include in its own member delegation);
- *APEC Secretariat*;
- *Observers* [currently the Secretariat of the Association of Southeast Asian Nations (ASEAN Secretariat), the Pacific Economic Cooperation Council (PECC) and the South Pacific Forum (SPF)]; and
- *Guests*, which include all participants other than the three categories above.

Within the category of "guests" there are three sub-categories:

- non-member economies;
- other relevant regional/international organisations and bodies; and
- business/private sector representatives not included as part of member economy delegations.

Principles

1. It is important that on the one hand APEC neither gives the appearance of being a closed shop nor cuts itself off from useful contact with non-members, while on the other that it gives due weight to the need for consolidation and effectiveness.
2. The following principles should be used in considering any application/proposed invitation:
 - (a) non-member participation in any WG should be determined by the individual WG concerned by consensus, subject to approval by the Senior Officials' Meeting (SOM);
 - (b) each application/proposed invitation should be considered on its own merits;
 - (c) while geographic location should be given primary weight, consideration should be given to specific expertise or information which the applicant/invitee possesses;
 - (d) the WG must be satisfied that the applicant/invitee can make a significant contribution to the work of the Group; and
 - (e) participation in the WG must be clearly understood not to imply any tacit endorsement of future membership or observer status in other APEC activities.
3. This last principle is particularly important. There must be no linkage between participation in APEC WGs and any application for a full membership of APEC. In other words, participation in a WG is neither necessary nor sufficient for a successful application to become an APEC member.

Management (Procedures)

The participation by non-members should be managed as follows:

1. the APEC Secretariat in Singapore should act as the sole point of contact for non-members who wish to participate in APEC activities and for proposed invitations by APEC members;
2. once consensus has been reached in the WG concerned, the Lead Shepherd should seek covering approval from the Senior Officials of all member economies through the APEC Secretariat;
3. once the application/proposed invitation is approved, the terms of participation should then be conveyed to the guests in standard form by the APEC Secretariat;
4. guest status should be granted for the calendar year in which the application/proposed invitation is made and for the following two calendar years,

with renewal of participation subject to the same procedure as a new application/proposed invitation;

5. for detailed procedures on processing an application or proposed invitation, see Annex; and
6. guest participation in one-off non-policy APEC activities such as symposia, workshops and seminars, including those organised by APEC forum other than WGs, and joint WG activities with other organisations can be approved by the relevant WG or forum by consensus on the delegated authority of the SOM. In such cases, the rules above do not apply.

Terms of Non-Member Participation

The following terms spell out the rights of participation by non-members in APEC Working Group meetings, and the supporting role of the Chair in controlling non-member participation in such meetings and ensuring that it conforms with all APEC procedures and requirements:

1. guests may be invited/allowed by the Chair to address a WG meeting on an agreed topic where this is relevant to the item under consideration and while the views may be taken into account by the WG, the guests cannot take part in the decision-making process;
2. guests may be invited by the Chair to respond to questions that arise in a WG meeting;
3. guests, with the agreement of the Chair, may be permitted to circulate documents on relevant subjects during APEC WG meetings;
4. guests should respect the confidentiality of the discussions of the meetings and the documents received;
5. guests and observers should be invited to leave the meeting room when the agenda of non-member participation is discussed; and
6. the Chair may also convene *closed sessions of WG meetings* excluding observers and guests.

It is further recommended that when non-members will be taking part in WG meetings, the Chair convene preparatory discussions, excluding guests, to arrive at a consensus among members present as to possible topics which the non-member participants may be invited by the Chair to address during the open session, and the type of information or documentation to be made available to participating non-members.

NOTE: Nothing in these terms changes the status of official observers – ASEAN Secretariat, PECC and SPF. Should these organisations send representatives to a WG or other APEC meeting, they have the same full access to documents and the information that they have at Senior Officials' Meetings and Ministerial Meetings.

These guidelines replace the *Guidelines, Rules and Procedures for Non-Member Participation in APEC Working Group Activities* approved in November 1993 in Seattle and the *Proposal on Criteria and Principles on Non-Members' Participation in APEC Working Group Activities* approved in November 1995 in Osaka.

ANNEX

**PROCEDURES ON PROCESSING APPLICATIONS/PROPOSED
INVITATIONS
FOR NON-MEMBER PARTICIPATION**

1. Applications/proposed invitations for all non-member participation in a WG should be forwarded to the APEC Secretariat for proper recording and transmission to the Lead Shepherd.
2. As soon as an application/proposed invitation is made in writing for non-member participation, the Lead Shepherd should immediately inform the Members of the WG, consulting their views.
3. When informing the WG Members, the Lead Shepherd might choose to offer views on whether or not the applicant/proposed invitee meets the principles adopted by APEC Ministers.
4. The Lead Shepherd should remind that the question posed *is a "technical" one*, that is to develop a view with regard to points 2c and 2d under the principles of the approved guidelines.
5. Replies may come in any form, including oral responses.
6. The Lead Shepherd should be left to ensure that consensus is sought on participation of non-members. The Lead Shepherd should determine, in consultation with the WG, whether silence constitutes consent or dissent. The agreed modalities should be communicated by the Lead Shepherd to the SOM.
7. A thirty-day time limit for response by the WG to the Secretariat should be encouraged.
8. The Lead Shepherd must, as soon as possible after the deadline, report through the Secretariat the results of the consultation to the Chair of the SOM for circulation to Senior Officials. If additional information is required from the applicant/proposed invitee, the Secretariat will seek such information at the same time the report is forwarded to the Chair.
9. In making a final consideration on the application/proposed invitation, Senior Officials will bear in mind both the broader context and the "technical" consultation as per paragraph 4 above.
10. A positive decision taken on an application/proposed invitation will be valid for the calendar year in which the application/invitation is made and for the following two

calendar years. To renew such non-member participation, the same procedures as a new application/proposed invitation will apply.

11. Prior to a decision, when approached with any inquiries about the status of the application/proposed invitation, the Secretariat, Lead Shepherd or any member economy should respond with a standard formulation, "When a decision is made we will inform you."
12. WGs may establish their own set of specifications to guide them in the technical evaluation of applications/proposed invitations. These criteria, however, will have to be consistent with the overall guidelines for non-member participation in WGs as approved by Ministers.
13. WGs should advance decisions on non-member participation on an inter-sessional basis and SOM approval can also be attained on this basis.
14. When Senior Officials have reached a decision, the Secretariat will forward the decision to the non-member making application/being invited to participate. With reference to a positive decision, the Secretariat will forward a copy of the *Terms of Non-Member Participation* as well as the name and address of the Lead Shepherd who will be copied on all correspondence.

**JOINT MINISTERIAL STATEMENT:
CALL FOR ACTION ON
HUMAN RESOURCES DEVELOPMENT**

**Manila, Republic of the Philippines
10-11 January 1996**

We, the Ministers responsible for human resources development from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, 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, met in Manila on 10-11 January 1996 for the Ministerial Meeting on Human Resources Development (HRD).

Our meeting, the first among HRD Ministers and the first after the APEC Leaders' Meeting in Osaka, was convened in response to the initiative of President Fidel V. Ramos in Bogor calling for a Ministerial Meeting on Human Resources Development. We discussed a broad range of issues focusing on labour market developments under the theme: "Preparing the APEC Workforce for the 21st Century: Transition and Challenges".

This Ministerial Meeting provided the opportunity to significantly advance APEC economic and technical cooperation in HRD towards building a community of Asia-Pacific economies. We have now reached the stage where further measures can be taken to make cooperation between and among member economies real and lasting.

Because our people have transcendent significance in building the Asia-Pacific community, their capacity must be developed, expanded and diversified to sustain our region's growth and dynamism, now and in the coming century. In achieving this vision, we recognized that government, employers and workers have their respective role to play. Because of our socio-economic and cultural diversity, there is a need to encourage greater cooperation in order to enhance economic growth and development in the region.

We recognize the disparity and diversity within the Asia-Pacific region, the special needs of some member economies in HRD and the importance of intensified cooperation in vocational education and training.

We call upon relevant international and regional organizations, in accordance with their rules and procedures, to place greater priority on investment in human resources development initiatives, such as education and skills training, through funding and technical cooperation, noting that the Jakarta Declaration for the HRD Framework for APEC affirmed the APEC Leaders' Declaration in Seattle that continued priority attention be devoted to developing human resources.

We are strongly and unequivocally committed to implement the Action Program for Human Resources Development of the Osaka Action Agenda. That Action Program highlights the importance of education and training for developing a flexible and adaptable workforce, which are essential for sustaining economic growth through trade and investment liberalization and facilitation and economic and technical cooperation.

We commend the HRD Working Group for its work to date and the development of the Action Program and, consistent with the meeting's focus on labour market issues, wish to attach priority to the following initiatives within that Program:

Analysis of Labour Market Issues

We agree on the importance of labour market analysis in HRD and affirm the need to accelerate and strengthen the labour market projects currently being implemented by the HRD Working Group by:

- a) developing a labour market information (LMI) framework for member economies;
- b) identifying focal institutions in each member economy to distribute LMI;
- c) exploring the development of LMI standards;
- d) using Internet or other systems of international data sharing in the dissemination of LMI;
- e) sharing information on models of LMI systems used by member economies through meetings of experts, exchanges of expertise, and collaboration with other international and regional organizations, according to APEC rules and practices, in the development of inventories of LMI activities;
- f) facilitating the mobility of qualified persons through sharing of LMI on skills, wages, and working conditions, among others; and
- g) sharing information on the use of competency based training for the development of vocational skills.

Management and Strengthening of Small and Medium Enterprises

We urge a strong emphasis on the development of SMEs focusing in particular on HRD through such measures as the APEC Center for Technology Exchange and Training for SME as a resource in information networking, training opportunities and syndicating technology transfer projects.

Facilitating Mobility of Persons and Information Exchange for HRD and Economic Growth

Consistent with the Osaka Action Agenda, we urge the acceleration and expansion of project initiatives on mutual recognition of skills qualifications.

Liberalization and Facilitation of Trade in Services

We agree on the need for providing better opportunities for cross-member investment in the delivery of educational services and skills training through principles to be established and implemented in bilateral and other agreements in the mid- to long-term.

Executive Education and Development

We recognize the importance of strong and capable management to sustain economic growth and put emphasis on activities that relate to the continuous development of leadership skills for managers.

Towards this end:

- We will provide full support to the individual and joint efforts of our economies to implement these priority measures to further strengthen our cooperation in human resources development.
- We call on the HRD Working Group to develop detailed implementation plans for these measures as a matter of priority.
- We also urge the other APEC working groups and fora implementing human resources development projects to coordinate their efforts with the HRD Working Group.
- We agree to hold a Ministerial Meeting to review the progress of the implementation of the APEC Action Program for HRD and welcome the offer of the Republic of Korea to host the meeting in 1997.

THIRD APEC FINANCE MINISTERS' MEETING

**Kyoto, Japan
17 March 1996**

JOINT MINISTERIAL STATEMENT

1. We, the APEC Finance Ministers, met in Kyoto, Japan, to discuss broad economic challenges facing the region, including the pursuit of regional growth in the context of macroeconomic and financial stability. This is the third meeting since the APEC Economic Leaders called for our consultations at their meeting in 1993. The Economic Leaders urged a continuation of our consultations at their meeting in Osaka in November 1995. We are committed to doing our part to support the Leaders' goal of promoting the free flow of goods, services and capital in the region.
2. We exchanged views on four topics: current macroeconomic issues, financial and capital markets, mobilizing resources for infrastructure development, and the effects of exchange rate movements on trade and investment. The Managing Director of the International Monetary Fund (IMF) joined our discussion of macroeconomic issues. The IMF, the International Finance Corporation, the Asian Development Bank (ADB) and the APEC Financiers made valuable contributions in the preparatory process for our discussions.
3. As a result of our discussion, we made the Findings attached to this Statement and agreed on several initiatives in critical areas. The APEC Finance Ministers' Findings, Kyoto 1996, will broadly guide our voluntary efforts in pursuing key policy objectives of stable capital flows, domestic financial and capital market development, and mobilizing private resources for infrastructure development.

Current Macroeconomic Issues

4. The pace of economic growth in the APEC region continues to be stronger than that of other regions. Particularly noteworthy is the strong growth in most of the emerging economies in the region. Increases in intra-regional trade and foreign and domestic investment are both robust. Where there is potential overheating, policymakers need to respond appropriately by a mix of restrained macroeconomic policies. We believe that maintaining the good record of economies in the region for fiscal prudence should go hand in hand with the effective responses to social needs in our economies.
5. Under the circumstance of sustained growth, the trade volumes in the APEC region are estimated to have expanded significantly last year. The growth of intra-regional trade exceeded that of overall trade. Although there had been a large fluctuation in exchange rates which did not reflect economic fundamentals, the process of orderly reversal began in the summer last year. We welcome this development.

6. Capital flows into regional emerging markets have generally resumed in 1995, after market disturbances in the first part of the year. This fact indicates that continued strong economic performance backed by prudent macroeconomic policies was rewarded by favorable response of financial and capital markets. We renewed our common recognition of the significance of sound macroeconomic policies in contributing to stable capital flows and exchange rates, and ensuring sustainability of the dynamic development in the region.

Financial and Capital Markets

7. A key factor affecting recent international capital flows has been the progressive integration of emerging markets into the global financial and capital markets. Capital can be expected to continue to flow into emerging markets over the longer term and benefit these economies. We observed that, generally, capital flows to APEC economies have made a significant contribution to growth in these economies. Capital flows were primarily driven by sound domestic economic policies and favorable economic conditions.
8. At the same time, we recognized that there are clearly macroeconomic and financial risks, especially if flows reflect distorted incentives or unsustainable imbalances. We noted that vigorous efforts have been made in the international fora to properly address potential financial problems, following disturbances in global financial markets last year. We welcome the efforts of the IMF in establishing the Emergency Financing Mechanism which would strengthen the ability of the IMF to respond rapidly in support of members facing a crisis, as well as the on-going work to develop financing arrangements to double the amount currently available under the General Arrangements to Borrow (GAB). We also welcome that work will be going forward on the eleventh review of IMF quotas, including appropriate adjustments to take into account changes in the relative position of members' economies, to ensure that the IMF has sufficient ordinary resources for future operations.
9. Policies contributing to stable capital flows and fostering domestic financial and capital market development are of particular importance for us. In this context, we identified three broad policy priorities: 1) maintaining an appropriate macroeconomic policy mix; 2) promoting high savings rates and restraints on public sector borrowing as essential factors in good debt management; and 3) fostering further development and integration of capital markets to intermediate savings effectively and expand the array of investment options available to include some with longer maturities. If properly managed, market risks need not diminish the substantial benefits that come with increased access to international capital.
10. We recall that we urged last year that recommendations be developed on increasing the public availability of economic and financial information. We welcome the efforts currently underway in the IMF to develop a more demanding public disclosure standard for economies participating in international financial markets. We call for an endorsement

on this issue to be made at the April Interim Committee and pledge our efforts to work toward early implementation of the standard.

11. We also endorse the objective of achieving prudential supervision and regulation of financial markets in conformity with the international standards and encourage the deepening of cooperation among regulators in the region concerning the development of regulatory principles and practice, and enhanced market surveillance. We intend to review these cooperative efforts at our next meeting.
12. We continue to recognize money-laundering as a priority concern and one which could threaten legitimate institutions and economic policies. We endorse established international cooperative work and encourage adherence to international standards in the anti-money-laundering field as well as on-going regional efforts, including the one on the context of Financial Action Task Force, toward enhanced cooperation in this area. We will be briefed regularly on the progress made toward improved international and regional cooperation.

Mobilizing Resources for Infrastructure Development

13. Dynamic economic development will continue in the region in the medium term and generate huge demand for infrastructure development. There is a compelling need to mobilize private resources and to achieve coordination of public and private resources for infrastructure development. We noted that the public sector has increasingly assumed a role as facilitator, whereas the private sector has assumed a more prominent role in provision of infrastructure services. Private resources often have the advantage of increased efficiency. We concluded that it is desirable to mobilize private resources in fields where the market mechanism can better achieve efficient provision and operation of infrastructure.
14. To this end, the development of financing techniques which channel private savings to investment in infrastructure is critically important. Particularly noteworthy is the need to deepen and broaden domestic capital markets, in order to improve the mobilization of domestic savings and better accommodate huge infrastructure investment requirements in the APEC region.
15. Prudent macroeconomic management and, in many cases, regulatory and institutional changes are also necessary to attract private investment in infrastructure development. The International Financial Institutions (IFIs) are expected to play a vital role in catalyzing sectoral reforms and private investment. We recognize that the IFIs should be provided with necessary support and adequate resources to enable them to fulfill their roles.

Effects of Exchange Rate Movement on Trade and Investment

16. Short-run nominal exchange rates are affected by such a wide range of factors that it is extremely difficult to find one model that adequately explains their movements. In the

longer-run, however, it is possible to discern trends. In particular, nominal exchange rates tend to move broadly in parallel with ratios of national price levels. Given that this relationship does not always hold in the short-run, real exchange rates can deviate from their long-run trends.

17. We observed that in general, there are two types of deviations from long-term trend: volatility, or a temporary deviation of real rates from trends that is quickly reversed; and a deviation that tends to persist over months or years. While volatility is, more or less, a feature of asset market prices, persistent deviation, on the other hand, is more likely associated with policy-induced imbalances (misalignment) or medium-run changes of terms of trade. In this regard, it should be noted that it is very difficult to identify *ex-ante* whether a particular currency movement should be characterized as either temporary or persistent.
18. We noted the finding of various studies that the weight of evidence points to a relatively small direct effect of short-term exchange rate volatility on trade. In contrast, medium-term deviations in the real exchange rate do have significant effects on trade. Increased foreign direct investment inflows may follow a depreciation if the new level of exchange rate is viewed as sustainable.
19. We stress that in order to address real exchange rate misalignment, the key role for policymakers is to put in place sound macroeconomic policies. Such policies need to control inflation and address both internal and external balances in accordance with the macroeconomic needs of each economy. Prudent macroeconomic policies will benefit not only the adopting economy but all other APEC economies through improved stability in economic and financial interrelationships.
20. In this connection, we express our support for the IMF's efforts towards enhancing multilateral surveillance and welcome the on-going initiatives for enhancing cooperation among monetary authorities in the APEC region.

Other Issues

21. Tax issues are important in the context of the development of international trade and investment within the APEC region. In this regard, we support the Australian initiative to hold a symposium on international business taxation issues in cooperation with the OECD. Further progress in concluding bilateral tax treaties in the region will also facilitate trade and investment linkages.
22. We remain resolved to contribute to the overall APEC effort to pursue trade and investment liberalization and facilitation. In particular, as many of us have responsibility for customs matters, we welcome the tangible achievements of harmonizing and simplifying customs procedures included in the Osaka Action Agenda. We encourage our customs authorities to continue their efforts through steadily implementing their action program, with appropriate technical assistance.

Future Meetings and Activities

23. In order to advance our discussion we ask the Working Group, in conjunction with its work on macroeconomic and exchange rate issues, to undertake a regional effort to share experiences on policies, reforms, liberalizing measures, and other actions which will be taken in line with the APEC Finance Ministers' Findings, Kyoto 1996 to promote financial and capital market development and facilitate private financing for infrastructure development. This sharing of experience will help us to identify the most successful policies and strategies. We call on the ADB to continue to provide useful input to support this effort.
24. We also commission the Working Group to develop a framework for establishing a computerized communication network among our Finance Ministries to facilitate the improved information sharing about macroeconomic and financial developments and policies.
25. The report by the APEC Financiers added valuable insights to our deliberation on the issues of public information disclosure and infrastructure development. We encourage them to continue their efforts.
26. We express our appreciation for the hospitality extended by Japan. We look forward to meeting again next year in the Philippines and hope to continue our consultations on macroeconomic issues, financial and capital markets, mobilizing resources for infrastructure development, and exchange rate movements.
27. Finally, we will report to the APEC Economic Leaders again on the activities of the APEC Finance Ministers Meeting, on the occasion of their next meeting this year in the Philippines.

APPENDIX

APEC Finance Ministers' Findings, Kyoto 1996

The following findings are relevant common points, which emerged after deliberations on the three key policy issues of stable capital flows, domestic financial and capital market development, and mobilizing private resources for infrastructure development. The findings are intended to broadly guide each APEC member's voluntary efforts to strengthen its economic and financial conditions.

Financial and Capital Markets

Policies Contributing to Stable Capital Flows

- 1) Capital inflows supported by sound economic policies along with financial and capital market development have contributed significantly to overall regional economic growth.
- 2) There are macroeconomic and financial risks associated with large and abnormal capital inflows, especially if these flows reflect distorted incentives or unsustainable imbalances.
- 3) If properly managed, such risks need not diminish the substantial benefits that come with increased access to international capital in any significant way.
- 4) It is important that every effort be made to ensure that sound economic conditions prevail. A set of economic conditions which each APEC member economy would aspire to achieve or maintain includes: non-inflationary growth, fiscal prudence, sustainable external balance and appropriately valued exchange rate, and deep and broad financial and capital markets.
- 5) Managing the macroeconomic effects of large capital inflows requires flexible implementation of an appropriate and feasible mix of several policy options: including intervention with sterilization, other forms of monetary control, fiscal restraint, and a suitable exchange rate regime.
- 6) High savings rates and restraints on public sector borrowing have been critical factors in successful debt management in much of the region.
- 7) Further capital market development must be a priority to intermediate these domestic savings effectively and to expand the array of investment options available to both domestic and foreign investors, including assets with longer maturities.
- 8) Effective prudential regulation and supervision can play an important role in promoting business behavior which avoids putting banks' balance sheets at risk, for example, during periods of large and abnormal capital inflows.

- 9) The regional experience with capital controls is too diverse to provide definitive assessment. But in any case, controls impose economic costs, and should not be viewed as a substitute for sound macroeconomic policies, strong prudential regulation and supervision, and an active effort to promote capital market development. Limiting the duration of controls and acceleration of liberalization efforts are generally desirable.

Policies Fostering Domestic Financial and Capital Market Development

- 1) Active and healthy financial and capital markets need to be developed for further advancement of APEC economies. Toward this end, market-oriented policies which promote domestic savings and expand the domestic investor base should be pursued.
- 2) In determining how to promote the development of domestic markets, policymakers can benefit from communication with the private sector and with officials from other APEC economies.
- 3) The International Financial Institutions (IFIs) including the International Finance Corporation and the Asian Development Bank have been actively involved in capital market development in developing economies in the region. They can continue to play an important role in fostering sound growth of capital markets of the APEC region.
- 4) Policymakers should consider: establishing a legal and regulatory framework which fosters disclosure and competition based on market conditions, and clearly defines the roles of various institutions; taking actions which promote both the demand for, and supply of, assets for investment, especially institutional investment; educating the public about savings options and necessary points for consideration; and enhancing expertise and developing human resources.
- 5) Regulatory and supervisory policies should be pursued to ensure fairness, efficiency and investor protection in the markets. Liberalization and prudential regulations complement one another.

Mobilizing Resources for Infrastructure Development

- 1) There is a compelling need to mobilize private resources. The public sector has increasingly assumed a role as facilitator, whereas the private sector has assumed a more prominent role in provision of infrastructure services.
- 2) In exploring areas where the private sector could play a further role, such factors need to be considered: technological advances, advancements in knowledge and experience, sensitivity to the potential macroeconomic consequences of public financing, and the efficiency and dynamism of the private sector.
- 3) Private resources often have the advantage of increased efficiency. It is desirable to mobilize private resources in fields where the market mechanism can better achieve efficient provision and operation of infrastructure.

- 4) The development of financing techniques which channel private savings to investment in infrastructure is critically important.
- 5) Particularly noteworthy is the need to deepen and broaden domestic capital markets, in order to improve the mobilization of domestic savings and better accommodate huge infrastructure investment requirements in the APEC region.
- 6) Prudent macroeconomic management and, in many cases, regulatory and institutional changes are necessary to attract private investments in infrastructure development.
- 7) The authorities of recipient economies have a responsibility for improving the domestic business environment through, *inter alia*, improving infrastructure planning and coordination, establishing simplified and more transparent procedures for private sector participation, privatizing or restructuring state-owned firms, promoting domestic financial markets, and providing the appropriate regulatory and legal frameworks. An improved business environment will facilitate promotion of private sector investments including foreign direct investments.
- 8) The IFIs are expected to play a vital role in catalyzing sectoral reforms and private investment by providing technical assistance to host economies, and through complementary financing schemes and guarantee facilities. The IFIs should be provided with the necessary support and adequate resources to enable them to fulfill their roles.

APEC MINISTERIAL MEETING ON SUSTAINABLE DEVELOPMENT

**Manila, Republic of the Philippines
11-12 July 1996**

DECLARATION

1. Ministers from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, 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 met for an APEC Meeting on Sustainable Development in Manila on 11-12 July 1996. Also present were the APEC Secretariat and an observer from the South Pacific Forum.
2. Ministers reviewed the results of the Leaders' Meeting in Osaka and noted in particular the following principles which provide the basis for APEC's commitment to sustainable development.
 - The Asia-Pacific region's fast expanding population and rapid economic growth are forecast to sharply increase the demand for food and energy and the pressures on the environment. There is therefore a need to put these interrelated wide-ranging issues on the long-term agenda and consult further on ways to initiate joint actions so as to ensure that the region's economic prosperity is sustainable.
 - APEC efforts to attain sustainable growth and development must recognise the diverse character of APEC.
 - Free and open trade and investment, expansion and acceleration of trade and investment facilitation programs, and intensified development cooperation are essential to attain sustainable growth, equitable development and national stability.
3. Therefore, the Ministers:
 - Recognised the over-arching necessity of incorporating sustainable development issues into the overall effort to achieve the three pillars of the Osaka Action Agenda: trade and investment liberalisation, their facilitation, and economic and technical cooperation.
 - Recognised that environmental issues span across APEC fora and require cross-cutting approaches within the existing mechanisms of APEC.

- Recognised the interrelationship among poverty, unsustainable patterns of production and consumption, population growth, natural resource depletion and environmental degradation, and the potential for regional approaches in addressing global environmental problems.
 - Recognised the importance of the points raised by His Excellency President Ramos to advocate harmony of the environment and economic development in APEC economies for a sustainable future of the region.
4. Ministers noted the APEC Leaders' Economic Vision Statement at Blake Island, Seattle in November 1993, which stated that "Our environment is improved as we protect the quality of our air, water and green spaces and manage our energy resources and renewable resources to ensure sustainable growth and provide a more secure future for our people."
 5. Ministers also noted and reaffirmed the progress that APEC has made on sustainable development leading up to the Osaka Action Agenda, including:
 - *The Environmental Vision Statement and Framework of Principles for Integrating Economy and Environment in APEC*, developed by Ministers responsible for the Environment, in Canada in March 1994; and
 - The APEC Ministerial Meeting in Jakarta in November 1994, which welcomed the results of the meeting of APEC Environment Ministers in 1994, and endorsed integrating environmental issues into ongoing APEC Activities.

The Ministers recognized the considerable efforts of APEC Committees and working groups toward sustainable development, welcomed the contributions from the Marine Resource Conservation and Tourism Working Groups, and directed Senior Environment Officials to review these contributions for possible inclusion in subsequent discussions.

6. Ministers agreed that APEC action to promote sustainable development should be conducted in accordance with guidelines, including:
 - the promotion of public-private partnerships;
 - the ability of APEC to add value to ongoing activities to address sustainable development and avoid duplication;
 - the need to recognise the diverse stages of economic development of APEC economies;
 - supporting local empowerment;
 - sharing of innovative approaches;
 - enhancing capacity through human resource development, information sharing and technology exchange;
 - the importance of outcome-driven approaches; and,
 - the benefits of incentive-based approaches.

7. Ministers discussed and agreed on recommendations for moving from vision to action, building on APEC's strengths in developing pragmatic approaches to regionally coordinated implementation.
8. Ministers discussed the following major sustainable development themes of mutual concern:
 - sustainable cities/urban management;
 - clean technology and clean production; and
 - sustainability of the marine environment.
9. Ministers recognised the importance of sustainable cities in the Asia-Pacific region. Ministers reiterated their commitment to implement the Habitat II Agenda adopted in the Second United Nations Conference on Human Settlements in Istanbul in June 1996 and agreed on the need to advance efforts on sustainable cities in APEC.
10. Ministers recognised the essential role of clean technologies and cleaner production methods in the pursuit of sustainable development goals and called for the initiation of an "APEC Cleaner Production Strategy".
11. Ministers underscored that APEC economies are united by the oceans and seas in the region and that the health of the marine environment is critical to APEC economies. To this end, Ministers reaffirmed that APEC economies will implement treaties and commitments to which they have agreed, related to the marine environment. Ministers agreed to recommend to the APEC Leaders at their Subic Bay meeting that APEC economies agree to make dramatic progress towards clean oceans and seas in the APEC region.
12. Ministers commended the APEC Experts' Meeting on Innovative Approaches Towards Environmentally Sustainable Development for its recommendations and encouraged the adoption, where appropriate, of innovative approaches such as reforms in economy-wide policies and the adoption of market-based instruments and environment and natural resource accounting as effective mechanisms for conserving environmental assets for sustainable development.
13. Ministers also recommended that APEC Senior Officials annually review sustainable development work in APEC for the purpose of coordinating and reviewing activities, providing guidance to APEC fora and measuring the success of their efforts.
14. Ministers agreed to meet again in Canada in 1997.
15. Ministers agreed that their recommendations and the attached Action Programme be conveyed to the Third APEC Senior Officials' Meeting in Davao City in August

1996 and brought forward to the Leaders' Meeting in Subic, Philippines in November 1996.

APEC MINISTERIAL MEETING ON SUSTAINABLE DEVELOPMENT

**Manila, Republic of the Philippines
11-12 July 1996**

ACTION PROGRAMME

Ministers from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, 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 met for an APEC Meeting on Sustainable Development in Manila on 11-12 July 1996. Also present were the APEC Secretariat and an observer from the South Pacific Forum.

In keeping with the commitment of APEC Leaders to achieving sustainable growth and equitable development to ensure prosperity for the people of the region, Ministers have agreed to an Action Programme to advance cooperation on sustainable development in APEC. Building on existing work by APEC fora and consistent with the goal of free and open trade and investment in the Asia-Pacific region by 2010 for industrialized economies and 2020 for developing economies, Ministers discussed the following issues:

1) Sustainable Cities / Urban Management

The Asia-Pacific region now constitutes 55 percent of the world's population, and this figure is growing rapidly. Associated with rapid industrialization has been the trend towards migration to urban areas. For both developed and developing APEC member economies, urbanization can have negative environmental and social impacts such as reduced air and water quality and increased health risks. Urban infrastructure in the Asia-Pacific region holds great potential for investment from public and private sectors. This includes infrastructure related to transportation systems, telecommunications, urban development, energy, and environmental infrastructure.

The Ministers recommended that Senior Environmental Officials review, through appropriate fora such as round table discussions, related activities on sustainable cities within and outside APEC, so as to identify options for appropriate work in APEC and to make recommendations to Environment Ministers at their APEC Meeting on Sustainable Development in 1997.

The Ministers supported efforts by APEC economies to :

- Strengthen capacity building to facilitate the exchange of scientific and technical knowledge on sustainable cities by designating appropriate organizations in APEC economies to serve as contact and coordination centers.
- Encourage sharing of knowledge and experiences on the elements of a sustainable city including technologies and changes in production and consumption patterns, and promote community-level experiment model project with an aim to create eco-cycle communities.
- Enhance information exchange on policies, indicators and standards, building on ongoing activities in APEC and promoting dialogue among public and private sectors and with non-government organizations as appropriate.

The Ministers also agreed to further develop their own mechanisms for communications with the private sector, non-government organizations and institutions and maximize public-private partnerships to leverage additional resources and capabilities and capitalize on opportunities.

2) Clean Production / Clean Technology

To achieve the ideal of sustainable development, it is important to make use of the technologies and practices that lead to cleaner production so that the APEC economies can enjoy socio-economic development while preserving the environment for future generations. The concept of cleaner production is particularly attractive to APEC, which is a rich mixture of economies from highly developed to newly industrializing ones. Interactions among APEC member economies will increase the opportunities for the dissemination of technologies and the exchanges of operating experience.

The Ministers invited the Industrial Science and Technology (IST) Working Group to develop and implement the Cleaner Production Strategy called for in the Ministerial Declaration, working with the Human Resources Development Working Group, the Energy Working Group, and other working groups, as appropriate.

The Ministers called for the Strategy to indicate, at a minimum, the following elements :

- formulation of specific strategies for industrial and agricultural sectors that promote dissemination of clean technologies and experiences;
- mobilization of public-private partnerships in major industry sectors to promote cleaner production;

- sponsoring of government-industry workshops, seminars and demonstration projects on cleaner production;
- sharing information on clean technologies and cleaner production policies through electronic means (e.g., Japan's Virtual Center for Environmental Technology Exchange and the APEC Center for Technology Exchange and Training for Small and Medium Enterprises [ACTETSME]);
- strengthening of government capabilities through capacity building at both the national and local level, providing the tools needed to help achieve cleaner production goals;
- conducting cleaner production training through the "APEC Sustainable Development Training and Information Network," to be led by the Human Resources Development Working Group;
- improving APEC member economies' access to expert input and facilitating the exchange of expertise related to the implementation of cleaner production methods;
- promoting ISO 14000, which involves voluntary actions by industry to establish environmental management systems and committing to continuous improvements in environmental performance;
- focusing on the special needs of the small- and medium-sized enterprises (SMEs); and
- promoting cleaner production technologies that help minimize or eliminate greenhouse gas emissions.

Ministers directed Senior Environment Officials to report to them when they next meet in Canada in 1997 on how this Strategy is being advanced in relevant APEC fora.

3) Sustainability of the Marine Environment

APEC members share the Pacific basin, which constitutes an essential component of the global life support system, and have a common interest in the quality of the Pacific environment. The oceans and seas of the Pacific Basin are critical to economic development in the APEC Region. The potential exists for APEC to address the challenges facing the marine environment in concert with existing efforts.

Ministers agreed that, in moving from vision to action on the marine environment, APEC should undertake a stocktaking of existing APEC activities and related activities of other relevant organizations. Ministers instructed Senior Environment Officials to develop concrete action-oriented recommendations for APEC activities

for consideration at the next APEC Meeting of Ministers of the Environment on Sustainable Development. This effort should include, among other things, consideration of :

- the existing and potential efforts of APEC working groups and other APEC fora;
- the activities of other relevant organizations;
- the importance of integrated coastal management; and
- the application of technologies to this goal.

The Ministers also agreed to invite the Marine Resource Cooperation Working Group Meeting in September 1996 to contribute to the first steps in this process and consider its future role in this initiative.

4) Innovative Approaches Towards Environmentally Sustainable Development

At the June 1996 Experts' Meeting on Innovative Approaches Towards Environmentally Sustainable Development in Manila, participants agreed that sustainable development requires a recognition of the potential impacts of economic change on the environment and the importance of environmental assets for sustainable development.

The Ministers agreed to :

- promote innovative approaches for sustainable development, in keeping with domestic priorities;
- establish a dynamic and living library of case studies through documentation of successful and unsuccessful member economy experiences;
- collaborate on enhancing the capacity of environment and natural resources users and managers towards innovative approaches to sustainable development; and
- recommend to the APEC Senior Officials' Meeting that APEC fora be tasked with considering the incorporation, where appropriate, of innovative approaches in the following areas :
 - introduction of Environment and Natural Resources Accounting (ENRA) into the system of National Income Accounts ;
 - utilization of market-based instruments;
 - sharing of information and expertise in promoting, adapting and adopting innovative approaches to sustainable development;
 - application of participatory approaches in planning, determining and implementing innovative approaches to environment and natural resources management;

- building the capacities of environment and natural resource users and managers in planning, determining and implementing innovative approaches for sustainable development; and
- complementing market-based instruments with regulatory measures to ensure optimal resource utilization.

5) Other Recommendations

Ministers recognized the work being undertaken under the auspices of the Economic Committee, as directed by APEC Senior Officials, to follow up on the Leaders' directive regarding the impact of fast-expanding population and rapid economic growth on food, energy and environment. Ministers further directed Senior Environment Officials to provide input to the Economic Committee on the environmental aspects of this important initiative.

APEC MEETING OF MINISTERS IN CHARGE OF TRADE

Christchurch, New Zealand

15-16 July 1996 *

STATEMENT OF THE CHAIR

We met here in Christchurch, New Zealand because of the importance APEC Leaders attach both to fulfilment of APEC goals through implementation of the Osaka Action Agenda and to APEC's contribution to the World Trade Organisation (WTO).

2. The overall theme of our meeting was open regionalism in support of the multilateral trading system. From its inception APEC has emphasised the importance of the open, rules-based and non-discriminatory multilateral trading system. We recognise the central role of the WTO and agree on the importance of the Singapore WTO Ministerial Meeting in advancing the liberalisation of trade and ensuring that the multilateral trading system continues to develop in response to the evolution of the world economy. This follows our determination, expressed at Marrakesh, to build upon the success of the Uruguay Round through the participation of our economies in the world trading system, based upon open, market-oriented policies and the commitments set out in the Uruguay Round Agreements and Decisions.

3. In respect of the WTO, we set ourselves the question of how APEC could contribute to the success of the Singapore Ministerial Conference. We recognise the significance of holding the first WTO Ministerial Council Meeting in an APEC member economy, Singapore. We are determined to contribute fully to its success, both through the approaches we have decided on here in Christchurch and by building on them in our preparations in Manila for the APEC Leaders' Meeting in Subic Bay in November.

4. In respect of our APEC goals, we recalled that the Bogor Declaration sets an ambitious goal for the achievement of free and open trade and investment in the Asia-Pacific region no later than 2010 for industrialised and 2020 for developing economies. In implementing the Osaka Action Agenda, through their Individual Action Plans and through APEC Collective Actions, each member of APEC is working towards this goal and thereby contributing towards a progressively more open world trading environment.

* APEC member economies present were Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, 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. The Executive Director of the APEC Secretariat was present at the Meeting. The ASEAN Secretariat, the Pacific Economic Cooperation Council (PECC), and the South Pacific Forum (SPF) attended as observers. The Director General of the World Trade Organisation was invited to address Ministers. The People's Republic of China participated in discussions only under the Osaka Action Agenda section of the meeting.

Implementation of the Uruguay Round

5. We recalled that APEC members have committed themselves in the Osaka Action Agenda to the full and effective implementation of their respective Uruguay Round commitments. We agreed that full and timely implementation of the commitments contained in the Marrakesh Agreement establishing the World Trade Organisation, by all members that had accepted them, was essential. To this end we undertook to ensure that we were fully up to date with our implementation commitments by the time of the Singapore Ministerial Conference. We were pleased to have positive reports on the programme of Uruguay Round implementation seminars designed to improve APEC members' understanding of their obligations, identify operational difficulties, and undertake cooperative technical assistance to overcome them. We decided to continue them in the coming months. We recognised the need for this type of assistance to be available, in a coordinated manner, to the broader WTO membership. In our discussions we identified a number of problems associated with implementation which we will wish to have addressed by appropriate mechanisms in Geneva.

Current Work in WTO

6. We discussed the on-going work in the WTO on trade in services. We expressed disappointment that only one of the four areas in which Uruguay Round negotiations on services were extended – Movement of Natural Persons – had been completed. We expressed our determination to make definitive progress in the remaining areas, Financial Services, Basic Telecommunications Services and, in due course, Maritime Transport Services, when negotiations resume in accordance with respective decisions. We looked to the Singapore Ministerial Conference to reaffirm our commitment to concluding these negotiations on the basis of mutually advantageous commitments in accordance with the agreed timetables. Each of us agreed to examine what further contribution we could make in each area. We noted the role of our Individual Action Plans in indicating liberalisation initiatives.

7. We remain convinced of the importance of ensuring that trade and environment policies are mutually supportive of sustainable development and therefore agreed that momentum must be maintained in the current work programme of the WTO Committee on Trade and Environment. In order to help reduce the uncertainty and lack of coherence which surrounds rule making in this area we resolved to work towards a balanced report from the Committee including specific recommendations to the Singapore Ministerial Conference.

WTO Work Programme

8. We agreed our key task at the Singapore Ministerial Conference would be to establish a work programme for future liberalisation in the WTO. We consider the built-in agenda resulting from the Uruguay Round agreements is central to this. We noted that the built-in agenda covers future negotiations or reviews in a wide range of areas including agriculture, services, textiles and clothing, rules of origin, intellectual property, investment

and competition policy. We concluded that the built-in agenda constitutes a substantive and balanced work programme that should take the global trading system forward on a trade liberalising path.

9. We recognised that in some cases, such as non-preferential rules of origin and government procurement in services, work on the built-in agenda has already begun while in other areas, detailed preparations will be necessary. We therefore emphasised the importance of all members of the WTO agreeing at Singapore to respect the dates contained in the built-in agenda and to utilise existing institutional machinery to begin further work — the process of analysis and information exchange which would allow members to understand the issues involved and to identify their interests in respect of them before undertaking the mandated negotiations and reviews. In some cases it was recognised that consideration would need to be given prior to the Singapore Ministerial Conference to the means by which these tasks might best be carried out in the WTO.

10. We also considered further liberalisation initiatives that might be undertaken beyond the built-in agenda. We agreed that consideration should be given to further work on improvement of market access for industrial products. We discussed the possibility of undertaking more limited sectoral initiatives, perhaps in the shorter term. In this context we listened with interest to an explanation of the proposal for an Information Technology Agreement, which would contribute to APEC liberalisation objectives, and determined that we would consider this further in the lead up to the Singapore Ministerial Conference. Building on the work we have done in APEC to date and the work which is underway in the WTO in the area of services, we also agreed to examine the possibility of a broader discussion in the WTO on transparency, openness and due process in government procurement.

11. We recognised that a number of other issues for possible discussion have been raised in papers submitted by our delegations in Geneva [#]. We noted that these papers will be examined in Geneva in the coming months with a view to identifying consensus on how each of these issues should be looked at in the multilateral context.

12. We were encouraged by the complementarity of our efforts to further liberalise trade within APEC and in the WTO. APEC's voluntary framework and the WTO's legal one can mutually reinforce liberalisation and the process of analysis and consensus building in one forum can contribute to progressing negotiations in the other.

Osaka Action Agenda

13. We reviewed the state of implementation of the Osaka Action Agenda in respect of preparation of Individual Action Plans and reporting of collective actions. We received a report and recommendations on these matters from the Chair of the Senior Officials' Meeting (SOM).

[#] A list of these papers is available to members from the WTO Secretariat.

14. We are encouraged that each APEC member tabled an initial draft of its Individual Action Plan at the Cebu Senior Officials' Meeting in May and that a number of members have since submitted revisions of their plans. We noted the importance of the Individual Action Plan process to the private sector. We are committed to continue improvement of and consultation on plans prior to the assessment by the APEC Joint Ministerial Meeting in Manila in November. In particular we call for greater emphasis on transparency, comparability, and dynamism in revised plans. In this regard we found the SOM Chair's recommendations very relevant and invited our officials to give them immediate consideration.

15. We noted that APEC members are also engaging in information exchange, dialogue and collective actions across many areas that either form part of the WTO's agenda or have relevance to it. This process has value in itself and should also contribute to building confidence among APEC members in addressing these areas in the global context. We believe that the APEC Action Plan process demonstrates a unique and dynamic approach to regional liberalisation consistent with GATT/WTO principles. We expect this to contribute to sustaining momentum for further liberalisation at the global level.

The Future of the Multilateral Trading System

16. We are conscious of the outstanding applications for membership of the WTO, two of which are from APEC members. We expressed our support for achieving universality of WTO membership consistent with observance of the rules of the multilateral trading system and based on effective market access commitments.

17. We consider that it is now especially important that regional and multilateral approaches to trade and investment liberalisation support and reinforce each other. We recognise that economic growth and progress in today's interdependent world is inevitably bound up with the process of globalisation; a process which offers both opportunities and challenges to all our economies and to the multilateral trading system. We are convinced that to respond to these challenges and opportunities fully 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.

18. We look to the Singapore Ministerial conference as providing an opportunity for WTO members to consider the objectives of the Organisation as it proceeds with its work programme, and to define them more clearly and more boldly. By undertaking this task, we could impart a sense of direction for trade and investment liberalisation within the WTO, consider the modalities by which it might be achieved and indicate the sense of urgency which we attach to their attainment.

FIRST MEETING OF APEC ENERGY MINISTERS

"ENERGY: OUR REGION, OUR FUTURE"

Sydney, Australia

28-29 August 1996

DECLARATION

All member economies were represented at the first meeting of APEC Energy Ministers held on 28-29 August in Sydney, Australia (Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America). Also present were representatives from the APEC Secretariat, the APEC Working Group on Regional Energy Cooperation Secretariat, and observers from the Pacific Economic Cooperation Council and the South Pacific Forum.

2. Ministers discussed the major energy challenges confronting the region, bearing in mind the concerns expressed by APEC Economic Leaders at Osaka relating to the potential effects of rapid population and economic growth on food, energy and the environment. The Asia-Pacific region will be the main driver of global economic growth into the next century, and Ministers agreed that meeting APEC's rapidly increasing demand for energy in an environmentally responsible way will be essential if the region's economic growth potential is to be fully realised.

3. Ministers identified objectives of fundamental importance to the region's future prosperity, and agreed to report these directly to APEC Economic Leaders. These include:

- (a) Improvement of regional energy security primarily through the enhancement of open efficient regional energy markets, and through supply capacity expansion and energy conservation
- (b) Reforms to mobilise business investment in power sector infrastructure
- (c) A strategic approach to reduce environmental impacts
- (d) A framework to reduce business costs through cooperation on energy standards
- (e) The adoption of energy policy principles which give impetus to regional initiatives to reform energy policies for incorporation into member economies' domestic energy policy deliberations

MAJOR CHALLENGES FOR COOPERATIVE ACTION

4. Ministers identified a number of major challenges where strong cooperative action would be of clear benefit to all member economies and recognised their role in facilitating this. These include:

Energy Security

5. While a high level of complementarity exists between member economies, the APEC region as a whole is a net energy importer. The level of energy self-sufficiency of individual APEC members varies widely, with some economies being significant net energy exporters and other economies significant net importers of energy. Ministers recognised the need for APEC economies to cooperate more closely towards the development of the APEC energy community in a sustainable manner.

6. Ministers agreed that the objective of energy security will be best served by the actions of individual member economies and through cooperation to ensure the enhancement of an open, efficient regional energy market, diversity of the energy mix, and measures to achieve efficient energy production, distribution and consumption. Energy response capabilities to potential supply disruption may need to be considered.

7. Ministers recognised that high quality information on regional energy supply and demand trends will provide business and government policy makers with better tools for making well informed decisions. In this regard, Ministers welcomed the establishment of the Asia Pacific Energy Research Center (APEREC) which is located in Tokyo and managed under the guidance of the Working Group on Regional Energy Cooperation. Ministers noted that the work of the Center will provide a valuable input to their future policy deliberations.

8. Ministers agreed that the immediate focus of the Center's work should be on the development of a regional energy outlook and research which will foster member economies' understanding of energy issues and future energy supply and demand trends, thus providing an important input to policy deliberations. This would include projects that could lead to freer trade and investment flows in the APEC region, improve energy efficiency, and reduce the adverse environmental impacts, such as research on impediments to trade and investment in primary energy, energy technologies and services (including subsidies), and analysis that indicates pathways for the elimination of these impediments.

Infrastructure Investment

9. Over the period to 2010, electricity demand in the APEC region is projected to increase by between 50 percent and 80 percent. Some US\$1.6 trillion in investment capital will be required to establish the power infrastructure needed to underpin the economic growth of the region.

10. Ministers noted that such capital cannot be furnished alone by the governments of individual APEC economies and multilateral financial institutions. If such growth is to be realised, business sector finance for power infrastructure will be essential.

11. Ministers agreed that Governments and business must forge a strong partnership to ensure that the region's power infrastructure investment needs are fulfilled. Ministers agreed that the challenge for governments of member economies is to find ways to reduce risks (and hence costs) for the business sector to invest in power infrastructure. In particular, APEC Governments must play a catalytic role in creating the project approval, regulatory and financial conditions necessary to mobilise the investment capital required from the business community. Again, cooperation between member economies will reap mutually rewarding benefits for all.

12. Ministers welcomed the work already undertaken by the Working Group on Regional Energy Cooperation on this issue, including the report *Regional Cooperation for Power Infrastructure* which it had commissioned, and the establishment of the Ad Hoc Business Forum on Regional Cooperation for Power Infrastructure, and the Electricity Regulators' Forum, to identify priority areas for action.

13. Ministers considered the proposed work program presented by the Ad Hoc Business Forum, and the work program recommended by the Electricity Regulators' Forum. The objectives of the work programs are to improve project approval and regulatory arrangements, and enhance regulatory skills to achieve greater efficiencies and reduce business costs.

14. Ministers agreed that reform to mobilise the capital needed for power infrastructure growth is essential. Refinement and implementation of the work programs to achieve both business and government goals was considered to be a matter of the highest priority. Ministers provided guidance to, and directed, the Working Group on Regional Energy Cooperation to determine at its next meeting the appropriate bodies to carry out the various elements of the work programs, and to finalise budgets and implementation timetables.

15. In view of the importance of this work for APEC as a whole, Ministers agreed to seek the support of APEC Economic Leaders to expedite the proposed work programs.

Environment

16. The forecast growth in energy supply and use will place considerable pressure on the environment, locally, regionally and globally. Ministers agreed that the application of economically sound measures to minimise the adverse environmental impacts of energy production and use is essential to protect the well-being of both present and future generations.

17. Ministers noted that there are a wide range of measures available to address this situation, including improving the efficiency with which energy is produced and used, using techniques and practices that reduce emissions, and switching to more environmentally benign energy sources, including renewable energies. Skills development and further research and development were also considered important.

18. Ministers endorsed the broad range of cooperative activities undertaken by the Working Group on Regional Energy Cooperation aimed at reducing impediments to the use of environmentally sound technologies, but considered that additional activities should be undertaken.

19. Ministers agreed to cooperate extensively in research and development, technology adaptation and uptake, and programs related to energy efficiency, cleaner fuels and renewable and alternative sources of energy. Significant improvement in regional environmental performance will result from such cooperation.

20. Ministers agreed that priority should be given to activities which concurrently enhance economic development and mitigate environmental impacts at a local, regional and/or global level. Ministers decided to adopt a strategic approach to reducing the environmental impacts of energy supply and use which includes agreement to:

- (a) integrate environmental considerations into the planning and evaluation processes for energy infrastructure projects;
- (b) a program of work by the Working Group on Regional Energy Cooperation to promote the uptake of environmentally sound energy technologies and processes; and
- (c) the pursuit and facilitation of voluntary, cooperative, multilateral joint activities, including demonstration projects, between APEC members to address environmental concerns related to greenhouse gas emissions.

Reducing Costs through Cooperation on Energy Standards

21. Ministers noted that the application of product energy standards can provide a means for individual member economies to meet goals of achieving greater energy efficiency and improved environmental performance, and that there is scope for reducing the costs of trade in products subject to energy standards through cooperation.

22. Ministers recognised that an APEC multilateral framework could provide opportunities to overcome standards-related impediments to trade, without affecting the integrity of individual economies' standards. For member economies participating in such a framework, the outcomes would be greater certainty in international trade of products, reduced costs for business and governments, and consumer benefits in terms of overall cost and product quality.

23. Ministers instructed officials from member economies to work together to achieve the benefits of increased cooperation on energy standards by:
- (a) developing firm proposals for establishing a base on which mutual acceptance of accredited test facilities and standard test results obtained at these facilities can be achieved;
 - (b) working towards the establishment of bases for the direct comparison of the outcomes of testing to different standards so that the need for testing to multiple standards can be reduced or removed; and
 - (c) developing a general policy framework that would allow for the progressive development and implementation on a bilateral or multilateral basis, and product by product, as technical details are established and mutually agreed.

POLICY PRINCIPLES

24. Ministers recognised that visionary policies will be required to respond to the many energy challenges shared in common. Cooperation between APEC member economies and the strong involvement of business will play a vital role in addressing these challenges.

25. Ministers agreed that their common goal should be to work towards the simultaneous achievement of economic growth, enhanced energy security and mitigation of the impact of energy on the environment, by developing shared policy principles and enhancing closer cooperation, leading to sustainable development in the APEC region.

26. Ministers considered and endorsed the non-binding energy policy principles agreed by the Working Group on Regional Energy Cooperation in October 1994, and agreed to incorporate them in their domestic energy policy deliberations. Because the potential implications of the policy principles extend beyond the energy sector, Ministers agreed that the principles be included in the objectives forwarded for the attention of APEC Economic Leaders at their next meeting in Subic Bay in November 1996.

27. They agreed that implementation of the policy principles should be vigorously pursued in a flexible manner in line with each member's domestic circumstances to give impetus to regional initiatives to reform energy policies, consistent with economic efficiency and environmental impact mitigation. The principles cover a broad range of important policy issues including the progressive reduction of energy subsidies, the application of environmentally sound energy technologies, and the liberalisation of energy markets.

AGREED NON-BINDING ENERGY POLICY PRINCIPLES

1. Emphasise the need to ensure energy issues are addressed in a manner which gives full consideration to harmonisation of economic development, security and environmental factors.
2. Pursue policies for enhancing the efficient production, distribution and consumption of energy.
3. Pursue open energy markets for achieving rational energy consumption, energy security and environmental objectives, recommending action in the appropriate forum of APEC to remove impediments to the achievement of these ends.
4. Recognise that measures to facilitate the rational consumption of energy might involve a mix of market-based and regulatory policies, with the relative components of the mix being a matter for the judgement of individual economies.
5. Consider reducing energy subsidies progressively and promote implementation of pricing practices which reflect the economic cost of supplying and using energy across the full energy cycle, having regard to environmental costs.
6. The regular exchange of experience on the various policies being used by member economies to achieve a more rational energy consumption.
7. Ensure that a least-cost approach to the provision of energy services is considered.
8. Promote the adoption of policies to facilitate the transfer of efficient and environmentally sound energy technologies on a commercial and non-discriminatory basis.
9. Encourage the establishment of arrangements for the development of human resource skills relevant to the application and operation of improved technology.
10. Enhance energy information and management programs to assist more rational energy decision making.
11. Encourage energy research, development and demonstration to pave the way for cost-effective application of new, more efficient and environmentally sound energy technologies.
12. Promote capital flows through the progressive removal of impediments to the funding of the transfer and adoption of more energy efficient and environmentally sound technologies and infrastructure.
13. Promote cost-effective measures which improve the efficiency with which energy is used but reduce greenhouse gases as part of a suggested regional response to greenhouse gas reductions.

14. Cooperate, to the extent consistent with each economy's development needs, in the joint implementation of projects to reduce greenhouse gas emissions consistent with the Climate Change Convention.

NEXT MEETING

28. Ministers welcomed the opportunity for joint discussion on important matters of mutual interest. They committed to meet again when a further substantial agenda has been developed warranting their attention. Ministers noted two distinct proposals from Canada and Japan for future meetings of APEC Energy Ministers to address different aspects of the energy agenda during 1997 and 1998 respectively. Ministers instructed the Working Group on Regional Energy Cooperation to expedite the work plan agreed at the Sydney meeting. They also requested the Energy Working Group at their next meeting in October 1996 to bring forward a recommendation regarding future meetings of Ministers.

APEC MINISTERIAL MEETING ON THE TELECOMMUNICATIONS AND INFORMATION INDUSTRY

**Gold Coast, Australia
5-6 September 1996**

JOINT STATEMENT

1. A Meeting of APEC Ministers responsible for the Telecommunications and Information Industry was convened at the Gold Coast, Australia, 5-6 September 1996. Delegates from Australia, Brunei Darussalam, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Mexico, New Zealand, Papua New Guinea, the Republic of the Philippines, Singapore, Chinese Taipei, Thailand and the United States of America participated in the Meeting.
2. A representative of the APEC Secretariat and an observer from the Pacific Economic Cooperation Council (PECC) were present at the meeting.
3. The Meeting was chaired by Senator the Hon. Richard Alston, Minister for Communications and the Arts, Australia.
4. Ministers reviewed actions taken toward making the telecommunications and information sector a "model" sector in achieving the goals set by the APEC Economic Leaders at Bogor – strengthening the open multilateral trading system, enhancing trade and investment liberalisation and facilitation in the Asia-Pacific, intensifying development cooperation and improving the Asia Pacific Information Infrastructure (APII).
5. Ministers discussed the APEC Economic Leaders' Action Agenda, agreed at Osaka in November 1995 and reviewed the progress made toward the implementation of the Action Plan for the APII adopted at their first meeting in May 1995.
6. Ministers expressed the conviction that the five objectives and ten core principles of the APII remain a sound basis for cooperation, and confirmed their continuing resolve to strengthen cooperation at every level for the development of the APII in an effective and balanced manner for regional and global prosperity.
7. Ministers applauded the efforts made by Korea since their hosting of the First APEC Ministerial Meeting on the Telecommunications and Information Industry to advance the progress of the APII. In particular, they recorded their appreciation of the Test-bed Forum held in Seoul which had been successful in developing a number of cooperative APII activities. Ministers welcomed the establishment of APII pilot project criteria by the APEC Telecommunications Working Group (TEL WG) for

endorsement of future projects using APEC budget resources and the growing range of cooperative activities and pilot projects toward the development of the APII. The importance of moving from the conceptual to the implementation stage, and of developing collaborative services in the areas of business, education, health and rural development was stressed, to ensure that the benefits of the APII are available to the many people of the APEC region.

8. Ministers discussed the APEC agenda for trade and investment liberalisation and facilitation, and for economic and technical cooperation, noting the mutually reinforcing character of this agenda, especially in the telecommunications and information sector, as expressed in many initiatives for cooperative activity toward the development of the APII. Just as the development of telecommunications and information services is facilitated by the liberalisation of trade and investment, so also economic and technical cooperation supports the implementation of liberalisation, and the development of the telecommunications and information infrastructure, to the benefit of the wider economy. They endorsed the importance of ensuring that these benefits were evident in wider access to telecommunications and information services, greater competition in the supply of goods and services, and reduced costs to business and individual users of telecommunications and information services.
9. Ministers welcomed the expansion of collective actions for trade and investment liberalisation in the telecommunications and information sector, including conformance by 1998 by almost all of the economies with guidelines for trade in international value-added network services (IVANS) and finalisation by 1997 of a model mutual recognition arrangement for trade in telecommunications equipment. Ministers recognised the *Reference List of Elements of a Fully Liberalised Telecommunications Services Sector* adopted by the TEL WG as representing elements expected to be present in each economy by or before the Bogor Declaration liberalisation timetable.
10. Ministers also welcomed the TEL WG's recommendation of the *Comprehensive Reference List of Actions* as a resource paper for economies to consider in developing their Individual Action Plans and individual sectoral programs for liberalisation, recognising that economies have not endorsed any particular item and are not committed to any particular item. They noted the need to consider plans as soon as practicable for collective actions to liberalise the telecommunications and information sector. In line with the Osaka Action Agenda and in the spirit of the Bogor Declaration, they recognised that a successful conclusion to the negotiations in the WTO Group on Basic Telecommunications requires the broadest possible participation by all WTO APEC member economies and the submission of new or improved offers prior to the Singapore Ministerial in December 1996.
11. Ministers, noting the importance of technical and development cooperation as a tool to achieve the objectives of the Bogor Declaration and Osaka Action Agenda on the liberalisation and development of the APII, encouraged developed economies to emphasise their roles in the TEL WG on development cooperation as well as human

resource development programs in order to enhance the level of development among APEC economies in the area of telecommunications.

12. Ministers noted with appreciation the updated report on the telecommunications structural and regulatory arrangements in APEC economies.
13. Ministers also noted with appreciation the vigorous promotion of electronic commerce to accelerate the growth of regional trade and development. They recognised the positive value of electronic commerce as a boost to the efficiency of trading enterprises especially small and medium-sized enterprises in a multi-economy market. They agreed to support continued efforts to develop cooperative activities in these areas, and to identify the environment required for the promotion of business/private sector investment in telecommunications.
14. Ministers strongly endorsed the energetic commitment of the TEL WG to human resource development, noting that human resource development is a fundamental element of the whole APEC agenda for trade and investment liberalisation and facilitation, and for economic and technical cooperation. They appreciated the advances made in completing the *Model Vocational Education and Training Framework for Telecommunications* and agreed to encourage continued efforts to expand the effectiveness of human resource development efforts in the region through training courses, distance learning, resource sharing, personnel exchanges and the on-going development of skill standards.
15. Ministers applauded the increased participation by the business/private sector in the TEL WG meetings and work program. They recognised that under the Bogor Declaration a strengthening of the partnership between government and business/industry is required as the APEC process moves forward toward open trade and investment. They agreed to support the continuation of the APEC/PECC Policy Dialogue within the TEL WG and expanded involvement by the business/private sector in future Ministerial meetings.
16. Ministers welcomed the completion of the *Practical Manual for Network Planning* and the growing range and quality of economic and technical cooperation activities, especially in projects to enhance access to and benefits from the APII. They underlined the importance of ensuring that developing economies benefit from the enhancement of telecommunications and information infrastructure.
17. Ministers said that they would continue to cooperate in promoting the development of member economies' domestic information infrastructure, the APII and the APEC Economic Leaders' objectives in the telecommunications and information sector.
18. Ministers recognised that in addition to health care, education and small and medium enterprises, the telecommunication and information technologies also have an important role to play in protecting the environment, and that the latest

telecommunication and information technologies can be extremely useful in implementing and conducting environment protection activities.

19. With that purpose in mind, Ministers adopted a *Gold Coast Declaration* containing a Program of Action to guide further APEC activities in the sector, including activities of the TEL WG, and to provide sectoral input to the meeting of APEC Economic Leaders to be held in the Philippines in November 1996.
20. Ministers noted with appreciation the report from Professor Mark Armstrong, Chairman of the Industry Forum held before the Ministerial Meeting. The report conveyed to Ministers the range of views expressed by business representatives from most of the APEC economies on the policy issues relevant to the growth and development of the telecommunications and information industry, and ways in which cooperation between APEC member economies could assist in resolving the issues.
21. Ministers agreed to hold a third Ministerial Meeting on the Telecommunications and Information Industry to review progress in the implementation of the Program of Action. Ministers welcomed the offer by Mr Mah Bow Tan, Minister for Communications of the Republic of Singapore, to host the Third APEC Ministerial Meeting on the Telecommunications and Information Industry in Singapore in 1998.

APEC MINISTERIAL MEETING ON THE TELECOMMUNICATIONS AND INFORMATION INDUSTRY

**Gold Coast, Australia
5-6 September 1996**

GOLD COAST DECLARATION

We, APEC Ministers responsible for the Telecommunications and Information Industry, gathered at the Gold Coast, 5-6 September 1996,

acknowledging the APEC Economic Leaders' Declaration for Action at Osaka, which recognised the importance of policy dialogue and economic and technical cooperation to broaden and deepen intra-regional cooperation to promote trade and investment liberalisation and facilitation, to narrow the disparities within the region, and to achieve growth and prosperity for the region as a whole;

responding to the Osaka Action Agenda in which APEC Economic Leaders:

- a) *recognised* that, as the economic interdependence among APEC economies deepens, the telecommunications and information infrastructure in the Asia-Pacific region has a critical role to play in strengthening market linkages and enhancing trade and investment liberalisation and facilitation,
- b) *encouraged* member economies to intensify technical and development cooperation, and
- c) *affirmed* cooperative efforts among APEC economies to develop an Asia Pacific Information Infrastructure (APII) on the basis of the five objectives and ten principles adopted by Ministers responsible for the Telecommunications and Information Industry at Seoul, Korea, in May 1995 (Annex 1);

reaffirming the Bogor Declaration in which APEC Economic Leaders:

- a) *agreed* to strengthen the multilateral trading system, enhance trade and investment liberalisation and facilitation, intensify development cooperation, and to achieve free and open trade and investment by industrialised economies by no later than the year 2010 and developing economies by no later than the year 2020,
- b) *emphasised* the importance of development cooperation in such areas as science and technology, including transfers of technology, as a tool to attain sustainable growth and equitable development of APEC economies, and

- c) *noted* the critical role of the infrastructure in the Asia-Pacific region, including telecommunications and information, in accomplishing this goal;

having reviewed the activities undertaken to implement:

- a) the telecommunications and information elements of the Osaka Action Agenda, and
- b) the Action Plan endorsed by Ministers at the Ministerial Meeting on the Telecommunications and Information Industry in Seoul in May 1995;

welcoming the achievement of progress in a broad range of collective actions and joint activities for trade and investment liberalisation and for economic and technical cooperation;

renewing our commitment, as APEC Ministers responsible for the Telecommunications and Information Industry, to implement the five objectives and ten principles of the APII, and to support the development of the APII through cooperative activities, including those recommended by the APEC Telecommunications Working Group (TEL WG) and the APII Test-bed Forum;

affirming that wider access to telecommunications and information services, expanded and fair competition in the supply of goods and services, reductions in telecommunications prices and speedier development of telecommunications infrastructure will be important measures of the benefits to the region that flow from the development and liberalisation of the telecommunications and information infrastructure;

recognising that the *Reference List of Elements of a Fully Liberalised Telecommunications Services Sector* (at Annex 2) contains a good general description of what free and open trade and investment, expected to be present in each economy by or before the Bogor Declaration Liberalisation timetable, means in this sector;

applauding the increased participation by the business/private sector in the TEL WG meetings and work program;

emphasising the contribution of the TEL WG in promoting telecommunications and information cooperation, trade and investment liberalisation and facilitation in the region, and in enhancing the APII by converting its objectives and principles into concrete projects and policy measures;

recalling the diversity in the level of economic and infrastructure development among member economies and the need for sound and sustainable economic development in the region;

concurring that every member economy's objectives and principles for a domestic information infrastructure should, as far as possible, be consistent and complementary with those of the APII;

supporting joint activities of research and development, and recalling the importance of promoting research and development by cooperation among researchers from industry, government and academia of member economies in order to advance the APII;

recognising that greater business/private sector initiative and investment is vital for successfully implementing the APII, that an appropriate environment is necessary for promoting the business/private sector investment in telecommunications and information infrastructure development, and that policy coordination and harmonisation among member economies can facilitate a competitive and market-driven environment;

confirming that the APII has developed from the conceptual stage to the implementation stage, and that there is a need to identify the APII applications which should be made widely available to the people in the APEC region in the future, and to promote cooperation among member economies on training, research and development;

recognising also the importance of making APII applications available all over the APEC region; and

emphasising the necessity of timely action plans consistent with the APII objectives and principles established in Seoul in 1995;

do hereby adopt the following Program for Action.

Program for Action

1. Ministers note that the Program for Action for the telecommunications and information sector will contribute to the Action Plan to be considered at the APEC Economic Leaders Meeting to be held in Subic, the Philippines in November 1996.
2. Ministers commit themselves to support continued efforts to achieve the Bogor objectives of trade and investment liberalisation and facilitation, and economic and technical cooperation, by or before the Bogor Declaration Liberalisation timetable, and consistent with the Osaka Action Agenda.
3. Ministers direct the TEL WG to continue, in accordance with the Leaders' directions given at Bogor and Osaka, and with the ten APII principles agreed at the Ministerial Meeting in Seoul, to refine and implement plans for the telecommunications and information sector, setting steps and milestones with target dates for concrete outcomes:
 - a) to improve the telecommunications and information infrastructure in the region, and
 - b) to facilitate effective cooperation, free trade and investment and sustainable development of the region.

4. Ministers, noting the importance of technical and development cooperation as a tool to achieve the objectives of the Bogor Declaration and Osaka Action Agenda on the liberalisation and development of the APII, encourage developed economies to emphasise their roles in the TEL WG on development cooperation as well as human resource development programs in order to enhance the level of development among APEC economies in the area of telecommunications.
5. Ministers welcome the growing range of cooperative activities and pilot projects, including those listed in Annex 3, toward the development of the APII, and encourage the TEL WG to expedite their implementation. Ministers direct the TEL WG to continue to identify further cooperative activities in support of its work program objectives to achieve wider access to APII applications, exploring opportunities to promote collaborative multi-economy projects such as:
 - a) pilot administrative information networks;
 - b) new services for rural development;
 - c) test-beds for interconnection and interoperability;
 - d) information sharing and data base development;
 - e) telemedicine, distance education and multimedia communications;
 - f) policy dialogues on the APII between developed and developing member economies; and
 - g) studies of the social and economic implications of the information society.
6. Ministers endorse the following collective actions for trade and investment liberalisation in the sector developed by the TEL WG on the basis of instructions given by Ministers in 1995, in the *Seoul Action Plan*:
 - a) conformance, where appropriate, with the APEC Guidelines for Trade in International Value-Added Network Services (IVANS) by 1998;
 - b) general conformance, where appropriate, with APEC guidelines for harmonisation of equipment certification;
 - c) harmonisation of administrative procedures governing certification of customer telecommunications equipment;
 - d) development and initial implementation, on an elective basis, of a model mutual recognition arrangement for conformity assessment by the end of 1997;

- e) establishment of a task group to develop a plan, including two seminars in 1997, for the development and application of a model mutual recognition arrangement;
 - f) progressive reduction of restrictions on market access for telecommunications services;
 - g) progressive provision for non-discriminatory treatment of all telecommunications network and service providers;
 - h) encouragement of business/private sector investment and participation in the provision of telecommunications services;
 - i) formation of a study group on transparent funding of universal delivery of basic telecommunications services under conditions of liberalised markets;
 - j) agreeing that domestic and commercial consumers of telecommunications services should enjoy significant cost reductions which result from liberalisation, establishment of a task group to develop an appropriate set of indicators to measure the benefits of liberalisation to users, and to make a proposal to the 15th TEL WG on use of such indicators in TEL WG work;
 - k) recognising that economies have not endorsed any particular item and are not committed to any particular item, recommendation of the *Comprehensive Reference List of Actions*, compiled from the suggestions of TEL WG members and reflecting, in part, Regulatory Principles developed in World Trade Organisation (WTO) negotiations, as a resource paper for economies to consider in developing their Individual Action Plans and individual sectoral program for liberalisation;
 - l) establishment of a task group to develop a formal plan and proposal for a seminar on “Liberalisation Effects in Telecommunications” to assist telecommunications officials and industry to assess the legal and commercial implications of liberalisation for international telecommunications trade; to identify common strategies to ensure a flourishing telecommunications industry throughout the APEC region; and to share experience in planning and implementing the transition towards a liberalised telecommunications environment; and
 - m) further development of collective action plans for liberalisation of the telecommunications and information sector.
7. Ministers direct the TEL WG to continue its efforts to promote policy and regulatory measures for liberalisation of trade and investment in the telecommunications and information sector, to consider plans as soon as practicable for collective actions to liberalise the telecommunications and information sector, for the removal of technical

and administrative barriers to market access, the promotion of international standards, the development of domestic and global markets for networks, services and applications, and the promotion of equitable and non-discriminatory access arrangements for carriers and for providers of telecommunications and information services.

8. Ministers direct the TEL WG to continue to facilitate business in the region through:
 - a) publishing regular reports on the state of the telecommunications regulatory environment in each APEC economy in order to improve business/private sector access to related policies, regulations and other information;
 - b) promoting electronic commerce through seminars, studies on electronic data interchange application development, and experiments on the interoperability and suitability for electronic commerce of various networks;
 - c) promoting the use of Internet for electronic commerce;
 - d) adopting electronic communications as the preferred means of doing business amongst APEC economies;
 - e) promoting business/private sector investment in telecommunications and information infrastructure through the identification of the necessary and favourable investment environment;
 - f) exploring initiatives for making government public information more widely available via electronic means, and for the development of government use of telecommunications as a means of encouraging business use; and
 - g) strengthening the partnership with the business/private sector by continuing further business/private sector involvement in the TEL WG meetings and work program.

9. Ministers direct the TEL WG to:
 - a) promote universal access to telecommunications services, at an efficient cost level, through the sharing of information and experience of the policy, regulatory and commercial strategies that have proven successful in the region, with a view to maximising the social and economic benefits to users in each economy;
 - b) further increase cooperation in infrastructure activities between APEC and other international institutions and fora to facilitate the modernisation of telecommunications and information infrastructure in all economies, reducing the infrastructure gap between developed and developing economies;
 - c) promote cooperation in the areas of human resource development, and joint research and development as well as a higher level of technology transfer among member economies; and
 - d) increase cooperation to identify the needs of the information sector based on the intrinsic link between content and promotion of the APII and its applications, through development of appropriate fora within the TEL WG structure for information exchange and policy recommendation development.
10. To reduce disparities between developed and developing economies within the region, Ministers direct the TEL WG to continue to promote human resources development and related capabilities through projects and seminars in such areas as:
 - a) improvement of strategic planning and analysis of APII implementations;
 - b) technology evaluation;
 - c) demand forecasting;
 - d) regulatory reform and telecommunications administration in economies in transition for liberalisation;
 - e) privatisation and competition in telecommunications and information industries;
 - f) implementation of the APEC TEL WG distance learning pilot project;
 - g) considering the implementation of the Model Vocational Education and Training Framework; and
 - h) developing further skills standards in telecommunications.
11. Ministers request the TEL WG to continue to examine ways to increase participation and cooperation between the TEL WG and other existing international institutions and

programs on standards and existing technology cooperation projects, and to encourage support for business/private sector participation and investment in the development of information infrastructure with:

- a) international financial institutions such as the Asian Development Bank, the World Bank, and the InterAmerican Development Bank; and
 - b) APT, ITU, OECD, WTO and G7 joint pilot projects, such as cooperation on test-bed interconnection, information sharing, broadband trials, standardisation and training of telecommunication technologies, global inventory, electronic commerce, small and medium enterprises business facilitation, health and education projects.
12. In the spirit of the Bogor and Osaka Leaders' Statements that fully support APEC members' contributions to the work of the WTO, and recognising the importance of the multilateral trading system, Ministers support the broadest possible participation in the WTO Group on Basic Telecommunications by all WTO APEC member economies, and the submission of new or improved offers prior to the meeting of Trade Ministers in Singapore in December 1996, to facilitate a successful conclusion to these negotiations by February 1997.

**OBJECTIVES AND PRINCIPLES
FOR THE ASIA PACIFIC INFORMATION INFRASTRUCTURE
included in the
Seoul Declaration for the Asia Pacific Information Infrastructure
May 1995**

Objectives

1. Facilitating the construction and expansion of an interconnected and interoperable information infrastructure in the region.
2. Encouraging technical cooperation among member economies in the development of the infrastructure.
3. Promoting free and efficient flow of information.
4. Furthering the exchange and development of human resources.
5. Encouraging the creation of a policy and regulatory environment favorable to the development of the Asia Pacific Information Infrastructure.

Guiding Principles

1. Encouraging member economies in the construction of domestic telecommunications and information infrastructure based on their own reality.
2. Promoting a competition driven environment.
3. Encouraging business/private sector investment and participation.
4. Creating a flexible policy and regulatory framework.
5. Intensifying cooperation among member economies.
6. Narrowing the infrastructure gap between the advanced and the developing economies.
7. Ensuring open and non-discriminatory access to public telecommunications networks for all information providers and users in accordance with domestic laws and regulations.
8. Ensuring universal provision of and access to public telecommunications services.
9. Promoting diversity of content, including cultural and linguistic diversity.

10. Ensuring the protection of intellectual property rights, privacy and data security.

Annex 2

**REFERENCE LIST OF ELEMENTS OF A FULLY LIBERALISED
TELECOMMUNICATIONS SERVICES SECTOR**

The following elements are recognised as a general description of a fully liberalised telecommunications services environment towards which each economy will plan its own path, in line with the prevailing legal and regulatory environment and government structure of each economy, within the framework of the Bogor Declaration timetable for achieving free trade and investment in the APEC region.

1. In a fully liberalised telecommunications sector, **users** would have:
 - a) a choice of suppliers of telecommunications services, offering a full range of services, including telephony, data, news and information, and fully interactive services;
 - b) a choice of suppliers of telecommunications services offering lower prices, greater convenience or specialist service offerings; and
 - c) ready access to timely information about customer services and billing.

2. In a fully liberalised telecommunications sector, **suppliers of telecommunications services** would be able to extend their business activity without restrictions on entering the market, including
 - a) restrictions on the number of network providers or installers of network infrastructure, except where limited by scarce physical resources;
 - b) complex or time-consuming licensing arrangements;
 - c) restrictions on foreign-owned carriers and service providers; or
 - d) restricted access to the network infrastructure of other suppliers (i.e., interconnection).

3. In a fully liberalised telecommunications sector, suppliers of telecommunications services and users would both benefit from a full range of **competitive safeguards** that:
 - a) prevent a dominant supplier from abusing market power;
 - b) prevent domestic companies being favoured; and

- c) provide clear and accessible (i.e., 'transparent') laws, regulations and administrative procedures, which would ensure non-discriminatory treatment of service providers and users.
4. In a fully liberalised telecommunications sector, **investors** would have confidence to invest in the telecommunications industry and in companies reliant on telecommunications services, on the basis of stable legal and administrative arrangements that remove the risk of arbitrary or unexpected changes in the commercial environment.
5. In a fully liberalised telecommunications sector, **governments** would have clearly defined responsibility to:
- a) provide for transparent and non-discriminatory policy arrangements to meet the needs of their economies;
 - b) ensure that the regulatory authority responsible for telecommunications is legally and structurally independent, with a legal responsibility to act impartially and expeditiously, and with adequate resources to fulfil its function;
 - c) ensure transparent mechanisms to support universal access to standard telecommunications services as agreed within each individual economy;
 - d) fairly allocate scarce resources, such as spectrum, numbering and right of way;
and
 - e) provide for a full range of consumer protection measures.

APII COOPERATIVE ACTIVITIES AND PILOT PROJECTS

A. Promotion and Cooperation

APII Cooperation Centre

The Cooperation Centre is to develop data bases on the APII, to promote cooperative projects, to support APII events and related human resource development activities, and to advance the use of the Internet for cooperation.

APII Technology Centre

The Technology Centre is one of the key facilities to implement testbed interconnection or access, and experiments of network interconnectivity and applications development and experiments.

APEC TEL WG Web site development

The web site will improve the TEL WG's working methods *via* electronic means, especially to disseminate documents between TEL WG meetings, and to provide general information to the public electronically.

Catalogue of APII Development and Financial Resources

The project will catalogue contacts, by economy, for developmental assistance. It is designed to improve access to sources of funding and assistance, to improve external relations, and to promote the deployment of the APII.

B. Technology and Network Infrastructure Development

APII Testbed Project for Interconnectivity and Interoperability

This project consists of 5 sub-themes:

1. The Internet
2. Narrowband ISDN
3. Broadband Network
4. High Data Rate Satellite Communications
5. Project Inventory

In each sub-theme, it is planned to develop applications such as tele-education, telemedicine, and collaborative research, for use on each network.

X.400 Network Interoperability Testing project

The X.400 test program is currently producing a matrix which outlines each economy's capabilities with respect to X.400 network interoperability.

Video Conferencing and Collaboration Systems over APII Testbed

This project is to develop transnational real-time multimedia applications over the interconnected domestic broadband testbeds and middleware services.

*ATM Trial Network – Broadband Interconnection **

Development of interconnection to APII testbeds, including interoperability/interconnectivity testing *via* satellite.

*Asia-Pacific Advanced Network (APAN) Project **

The goal of APAN is to establish a network for research and development in advanced networking applications and services in the Asia-Pacific region, to encourage regional cooperation and collaboration and to interconnect a number of the regional high speed testbeds and relevant networks.

*Assessment of Existing and Planned Network capacity **

The assessment would include existing and planned capacity with forecasts from each economy to include how much capacity will be required (by economy, by route and by volume) and the forecast time frame for these requirements. If a significant shortage is found, a recommendation for further action may be addressed.

C. Applications Development

*Health Care Applications and Telemedicine, including Interactive Medical Curriculum Project **

The project aims to establish new areas of development cooperation among APEC economies, focused on multi-media health information and education applications for on-line deployment on the APII.

D. Electronic Commerce

APEC EDI Pilot Project

* Asterisked items have not yet been approved formally by the Telecommunications Working Group as a TEL-sponsored project

This project will implement Electronic Data Interchange (EDI) verification experiments focusing on technical and system application aspects using the Internet, to which even small and medium sized companies can connect easily, to promote liberalisation of business deals in the APEC region.

APEC SME Electronic Commerce Study

The study will survey 3000 SMEs and assess various aspects of their electronic commerce readiness. The results of the study will also sensitise policy makers to the implications of deploying electronic commerce in APEC.

APEC-G7 INGECEP Pilot Project

Electronic Commerce Experimental Project over both narrowband (the Internet) and Broadband (ATM) networks interconnecting with APEC-G7 member economies.

APEC Electronic Commerce Seminars

The purpose of this seminar is to help users, mainly from small and medium sized companies, understand the benefits of doing business electronically, and to promote electronic commerce among them.

E. Education and Training

*Electronic Commerce and Exchange of Industrial Information, including Business Directory Service for SMEs **

A comprehensive directory of businesses and government bodies, and the products and services they offer, would have the potential to speed up the business cycle, boost the electronic publishing industry and facilitate electronic commerce.

Distance Learning Pilot Project

A project for the development and delivery of two courses on distance education via the World Wide Web.

1. 'The management of distance education', and
2. 'Train the trainer' on distance education.

* Asterisked items have not yet been approved formally by the Telecommunications Working Group as a TEL-sponsored project

Model Vocational Education and Training Framework for Telecommunications

This project is developing an agreed APEC model for Vocational Education and Training in Telecommunications as a basis for the enhancement of current education and training structures to meet the skilled labour demands of the telecommunications sector.

Education and Training Projects, including Collaborative Research Project on Multimedia Human Resource Development System Network Technologies

To contribute to human resource development in the field of telecommunications technologies in the region, research and development are to be conducted, using a satellite and international telecommunications networks and Computer Assisted Instruction, to develop a multimedia human resource development system.

F. Policy Dialogue and Impact Studies

APEC Study on Interconnection

The study is designed to promote greater exchange of information and in-depth analysis of interconnection rules and policies within each economy.

APEC/PECC Communications and Information Policy Forum

These government-business/industry discussions, will continue to take place during TEL WG meetings.

Workshop/Seminar on Universal Access

The purpose is to facilitate progress towards the implementation of APII principles (specifically, 'ensuring universal provision of and access to services'), through dialogue on policy, regulatory and commercial approaches that may benefit economies in different stages of development.

Mutual recognition Assessment Seminars

Two seminars will be held to build confidence in a proposed model mutual recognition arrangement (MRA) for conformity assessment that are being developed. The first seminar would focus on regulatory regimes in APEC member economies; the second would focus on possible steps needed to comply with a model MRA.

APEC/PECC Content/Information and Applications Forum

This forum will set forth the needs of the information sector, showing how content is linked intrinsically to promotion of the information infrastructure and of applications.

Joint Study on the Impact of the APII

This will address issues dealing with societal implications of the APII.

Electromagnetic Compatibility Management (EMC Project)

This project aims to identify common approaches among APEC economies to the development of EMC standards, compliance and testing procedures, and to develop a model implementation procedure for effective EMC management in the Asia-Pacific region.

**APEC THIRD SMALL AND MEDIUM ENTERPRISES (SME)
MINISTERIAL MEETING**

**Cebu, Republic of the Philippines
5-6 September 1996**

JOINT STATEMENT

I. FOUNDATIONS OF SME WORK IN APEC

1. The Third APEC Ministerial Meeting on Small and Medium Enterprises (SMEs) was held on 5-6 September in Cebu, the Philippines. The meeting responded to the APEC Leaders' call for strengthened APEC dialogue to promote cooperation in fostering the vitality of SMEs in the region.
2. The Ministers came together cognizant of the principles of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership and consensus building. Their discussions were guided by the Osaka Action Agenda as the template for work in APEC. This Action Agenda calls for action oriented economic and technical cooperation in a wide range of areas, including SMEs.
3. The diverse character of APEC and the different levels of SME development in APEC economies were recognized as important parameters in further developing the SME Action Program, with the view of exploring these diversities toward greater complementarities leading to more efficient production, greater employment opportunities, promotion of sustainable development initiatives in SMEs, and mutual benefit among APEC member economies.
4. SMEs play critical roles in all APEC economies as sources of growth, employment, income, trade, innovation, entrepreneurship, and opportunity for people. Ministers recognized the importance of stronger intra-regional cooperation and partnership with the private sector and other support groups. This cooperation and partnership will enable APEC to address the growing challenges and opportunities facing SMEs, including the need to achieve sustainable development and to address the specific needs of women entrepreneurs in APEC.
5. Ministers are committed to continued cooperative efforts to allow SMEs to achieve their full potential and to contribute to the APEC goals of free and open trade and investment, and enhanced economic and technical cooperation in the region.

II. ACCOMPLISHMENTS

6. Last year in Adelaide, Australia, APEC SME Ministers agreed on measures to foster the Bogor Declaration goals of achieving free and open trade and investment and strengthening economic and technical cooperation. The SME Action Program was fully endorsed by the Economic Leaders in Osaka as a means of obtaining sustainable and equitable development throughout the APEC region.
7. The SME Action Program incorporated a set of principles to guide APEC work and projects in the five priority areas. Substantial progress was made in exchanging information on policies, programs and services for SMEs. This increased policy makers' understanding of issues affecting SMEs in the APEC region and enabled them to develop tools to help SMEs grow and adapt to an environment of increasing globalization.
8. Ministers commended the various economies on the completion of more than ten projects, under the aegis of the Ad Hoc Policy Level Group on Small and Medium Enterprises (PLG-SME), including the establishment of the APEC Center for Technology Exchange and Training for SMEs (ACTETSME). In order to make ACTETSME an APEC-wide organization and ensure its success, Ministers agreed that efforts should be made to reinforce and support the program of ACTETSME, and directed the PLG to report to the SOM the operating requirements of ACTETSME, including the necessary action to constitute the ACTETSME Governing Board. Relatedly, the ACTETSME could become a focal point of a common website that integrates the electronic database of all APEC economies.
9. Ministers welcomed the comprehensive report sponsored by Canada and the Philippines entitled *APEC and SMEs – A Synthesis of Issues, Findings and Suggestions for Future Action*. The report prepared by PECC identified over fifty projects that have been undertaken by APEC Working Groups and Fora since the establishment of APEC in 1989. This underscored the importance of SMEs and the commitment of APEC member economies in assisting SME development.
10. Ministers commended the economies for their effort in deepening the spirit of cooperation through the initiatives under the SME Action Program. Ministers also urged economies to continue the good work and endeavor to complete existing projects and commence work on new initiatives on the basis of challenges that have been identified through continuing dialogues.

III. GREATER PRIVATE SECTOR PARTICIPATION

11. The Ministers welcomed the increasing participation of the private sector and encouraged greater business involvement in the APEC SME Action Program. In particular, they noted that the APEC Business Advisory Council (ABAC) has identified SMEs as a major priority area in its work program for 1996, which will

form part of its report to the APEC Economic Leaders in November 1996. Ministers encouraged a close partnership between the PLG-SME and ABAC in the development of public-private initiatives of benefit to SMEs.

12. Ministers also recognized the importance of business matching activities led by the private sector and commended initiatives undertaken by the Asia-Pacific Business Network III (APB-Net III). At the APEC Opportunity business events last year in Adelaide, organized by APB-Net, business participants estimated the value of potential intra-APEC trade resulting from the event to be more than US\$60 million. This year, 445 participants from the 18 member economies of APEC attended the APB-Net III Congress in Manila. Ministers see real value in linking these trade events to Ministerial meetings because they enable identification of issues of concern to SMEs and an exchange of views on these issues between Ministers and business representatives.
13. The Ministers also welcomed the initiative of the Philippines in organizing and conducting the Asia-Pacific Young Entrepreneurs Conference which enhanced business networking among young entrepreneurs in the region.
14. Ministers recognized the value of the recommendations from the APB-Net Congress and the Young Entrepreneurs Conference. These include the specific actions to remove impediments to time-efficient business travel, reduce human resource constraints by ensuring skilled workers for SMEs, improve access to information on-line, share best practices and provide opportunities for networking and information exchange. Ministers urged the PLG-SME to consider the recommendations in developing their Action Program for 1997.

IV. FUTURE ACTIONS

15. Ministers recognized the importance of advancing the SME Action Program and the policy dialogue between APEC economies. The value of these efforts could be enhanced by giving increased recognition to initiatives and activities that:
 - directly benefit SMEs;
 - are of broad benefit to APEC member economies;
 - complement private sector activities;
 - complement and advance the SME work of other APEC Working Groups; and
 - provide opportunities for public sector-private sector dialogue and cooperation.
16. As the SME Action Program cuts across many of the activities of APEC Working Groups and Fora, Ministers urged the PLG-SME to link its activities with the initiatives of other working groups such as Telecommunications, Industrial Science

and Technology, Human Resources Development, Trade Promotion, etc. In this connection, the Ministers encouraged the PLG to undertake joint dialogues with lead shepherds of relevant ecotech fora to increase complementarities in project initiatives.

17. Ministers recognized the importance and endorsed the participation of support groups and institutions which address the needs of SMEs. These support groups provide appropriate assistance in the area of information, training, technology, marketing and financing. Ministers expressed appreciation to Japan for establishing the Trade and Investment Liberalization and Facilitation (TILF) Special Account.
18. With the support infrastructure in place, SMEs are poised to further take on the challenges brought about by increased liberalization in investment and trade in the Asia-Pacific region. This will help foster the objectives of the Bogor Declaration of free and open trade and investment by 2010 for industrialized economies and 2020 for developing economies, as well as economic and technical cooperation towards achieving sustainable development in the region.
19. Ministers welcomed the broadening of activities to advance the Action Program on SMEs, as reflected in the new initiatives considered by the Ad Hoc Policy Level Group on SMEs. These address key cooperation issues enhancing efficient management of SME policies and programs through the exchange of best practices, increasing the use of information technologies to improve SME access to business intelligence, and expanding market opportunities for APEC SMEs.
20. Since SMEs are located not only in the urban centers but also in the rural areas, Ministers encouraged the development of initiatives that would empower and strengthen rural SMEs through activities and policies that focus not only on individual enterprises but also on groups of enterprises and cooperatives, as stated in the Second SME Ministerial Meeting.
21. In order to pursue further the agenda on SME development in APEC, Ministers welcomed the extension of the mandate of the PLG-SME, as agreed at the Third APEC Senior Officials Meeting in Davao, the Philippines, in August 1996, for two more years — from April 1997 to March 1999.
22. Ministers agreed to hold further a meeting in Ottawa, Canada on 18-19 September 1997. This meeting will examine new policy issues and opportunities to promote growth and competitiveness of SMEs across the APEC region. Ministers expressed satisfaction at the decision of APB-Net to capitalize on the success of previous initiatives by organizing a business forum and exposition in Ottawa on 17-18 September 1997, in conjunction with the Fourth SME Ministerial Meeting.
23. Ministers welcomed the offer from Malaysia to host the 1998 SME Ministerial Meeting.

V. RECOMMENDATIONS TO THE LEADERS

24. Ministers agreed to report the accomplishments and developments of the Third SME Ministerial Meeting to APEC Leaders so that while they meet in Subic in November they would be able to reflect upon:
 - (i) the importance for APEC and member economies to reach out to SMEs in the region; and,
 - (ii) the need to strengthen APEC work to bring greater benefit to SME activities through participation of support groups contributing to the development of SMEs, and through further incorporation of SME priorities throughout the APEC agenda.

**ASIA-PACIFIC ECONOMIC COOPERATION (APEC)
MINISTERS' CONFERENCE
ON REGIONAL SCIENCE AND TECHNOLOGY
COOPERATION**

**Seoul, Republic of Korea
13-14 November 1996**

JOINT COMMUNIQUÉ

1. Ministers responsible for science and technology from Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America participated in the Second APEC Ministers' Conference on Regional Science and Technology Cooperation, which was held in Seoul, Korea, 13-14 November 1996. Representatives from the APEC Secretariat were also present.
2. The conference was chaired by Dr. Bohn-Young Koo, Minister of Science and Technology, Korea. New Zealand was chosen to serve as the Rapporteur for the Joint Communiqué.
3. President Kim Young Sam of the Republic of Korea opened the conference by extending the warmest welcome to all the participating delegates. He emphasized that the development of creative science and technology (S&T) personnel (which is taken throughout this Communiqué to include engineers) is essential for the promotion of science and technology and congratulated member economies for selecting as the main topic of the conference, "Creativity and Mobility: Researchers Across APEC." In order to raise an interest and promote exchanges in science and technology among youth in the region, the President proposed the establishment of a "Science Festival for Asia-Pacific Youth." President Kim also encouraged the Conference to have serious discussions on the ways to expand women's roles in science and technology. The President particularly reaffirmed the importance of S&T cooperation in resolving environmental problems in the region.
4. **Keynote Speeches**

In their Keynote Speeches, Ministers took the opportunity to reflect on regional S&T cooperation, and also shared experiences regarding recent developments in their S&T policies and systems. They expressed satisfaction with progress made on the four priority themes identified at their meeting in Beijing, October 1995, and asked for more targeted efforts on the part of the Industrial Science and Technology Working Group (IST WG) to work on priority areas of common concern. Ministers reaffirmed the importance of S&T to continuing economic growth and agreed that it should make an

even greater contribution to future sustainable and equitable development of the region. They emphasized that increased interaction between private and public sector S&T is an important stimulant for enhanced trade and investment liberalization and facilitation.

5. Report on the Science and Technology SOM

Ministers received the report on the Science and Technology (S&T) Senior Officials' Meeting (SOM), held on November 11, regarding preparations for the Second APEC Ministers' Conference on Regional Science and Technology Cooperation, presented by the S&T SOM Rapporteur, Indonesia.

6. Discussion on the Main Topic

Korea explained the background to the selection of the main topic for the Conference: "Creativity and Mobility: Researchers Across APEC." Ministers stressed the importance of the sharing of ideas and experience among S&T personnel in the region as fundamental to addressing this issue. They discussed various ways to enhance mobility and creativity and agreed that the IST WG would:

- Establish a database on post-doctoral exchange programs, other exchange and fellowship programs, facilities open to other member economies, and opportunities for joint research collaboration. Ministers noted that this work should build on existing IST WG initiatives such as the APEC Science and Technology Network (ASTN) and the APEC S&T Web (AST Web).
- Undertake a survey on barriers to the mobility of S&T personnel in the region. This survey should identify both general barriers, and specific barriers that affect the mobility of S&T personnel.
- Undertake a survey of public awareness programs in member economies. Ministers particularly noted the importance of programs directed at the youth in stimulating an ongoing interest and commitment to a career in S&T.

Ministers welcomed and supported the proposal by President Kim Young Sam to establish a "Science Festival for Asia-Pacific Youth" to raise an interest and promote exchanges in science and technology among the region's youth. Stimulating the interest of youth will promote creativity in S&T in APEC economies. Ministers asked the IST WG to conduct a further study on the establishment of the Festival, including options for hosting the Festival.

Ministers also acknowledged that an open economy is important for researcher mobility, and noted the essential role of the private sector and especially small and medium enterprises (SMEs) in stimulating creativity and mobility. A further important aspect is the requirement to develop S&T management skills throughout the APEC region. Ministers encouraged the development of the mutual utilization of research facilities in the region and the networking of research and development institutions to promote creativity and mobility of researchers.

While acknowledging the importance of the creativity and mobility topic, Ministers also asked the IST WG to continue developing the other three priority themes identified at Beijing, namely the improved flows of information, science and technology; improved transparency of regulatory frameworks; and facilitation of joint research projects.

7. Progress Report on APEC IST WG related Projects and Activities

Ministers were briefed by the Lead Shepherd of the IST WG from Japan, on the status of APEC S&T projects including those proposed at the Beijing S&T Ministers' Conference, follow-up activities to the IST Action Program of the Osaka Action Agenda, and new projects proposed since the Beijing Conference. Ministers noted progress made by the IST WG on several priority areas since the last Ministers' Conference, particularly projects to facilitate S&T information flows. They expressed their support for continued progress to address other priorities including natural disaster mitigation and human health. Ministers noted recent major steps forward by the IST WG, such as the IST WG Handbook, including the IST Joint Research Promotion Guidelines for more efficient operation of the IST WG. Ministers affirmed the Chair's view that the IST WG is making good progress in projects and activities from the Beijing Conference.

8. APEC Science and Technology Web Presentation

Ministers expressed satisfaction with the progress on development of the APEC S&T website, and thanked Australia, Japan and Korea for their practical demonstration of the site. They welcomed plans to enhance the capabilities of the website and to make its coverage of S&T in APEC economies more comprehensive. Access to information on S&T institutes and capabilities was seen as an important component in facilitating greater creativity and mobility in the region.

9. Open Ideas Forum

The "Open Ideas Forum" was co-chaired by Minister Koo (Korea) and Ambassador Perrault (Canada).

A discussion paper, "Gender and Science and Technology in Knowledge-Based Economies: Some Considerations for APEC", prepared on a voluntary basis by Canada, provided the framework for Ministerial consideration of the main topic of the Open Ideas Forum. Dr. Koo invited Professor Bonnie Kettel, York University, Canada, Director, Gender Advisory Board, UN Commission on S&T for Development, and member of the Senior Women Leaders' Network from APEC economies, to review key issues.

Ministers addressed the issue of under-representation of women in science and technology in the Asia-Pacific region. They affirmed the importance of enhancing the recruitment and retention of highly talented women in science and technology. Ministers identified the importance of removing barriers, and promoting the full contribution of

women to S&T innovation and creativity as an essential element in meeting APEC's goal of achieving sustainable and equitable development.

Building upon the initiative suggested by President Kim Young Sam, Korea, to mount a "Science Festival for Asia-Pacific Youth," Ministers noted the importance of the active participation of both girls and boys in this and other public awareness events. They reiterated the critical importance of fostering positive values and attitudes toward S&T among youth. Ministers acknowledged that sharing gender "best practices" and policy instruments would assist their economies in raising the interest of both girls and boys in science.

Viewing the APEC Website as an important tool for future exchange and support, Ministers encouraged the IST WG to continue to gather further information on "Best Practices" and to use the website as a focal point for accessing gender data and tapping into APEC gender expertise.

They noted with satisfaction that the IST WG would be holding an experts' policy workshop in 1997 whose purpose will be to discuss the problems related to gathering and analyzing gender-disaggregated data, and entrusted the WG to report back to them at the Third Ministers' Conference. Ministers also suggested that it would be useful for the IST WG to create an ad hoc group of interested economies that could share best gender practices, design a gender and S&T information site on the APEC web page, and provide an informal forum for the exchange of policy ideas on gender and S&T. Ministers recognised gender as a cross-cutting theme with implications in other APEC fora such as the Human Resource Development (HRD) Working Group, the SME Policy Level Group, and the APEC Business Advisory Council (ABAC). They urged the IST WG to liaise with these fora, the newly formed Senior Women Leaders' Network of APEC economies, and other Asia-Pacific gender fora, on joint activities.

In addition to the topic of "Gender and S&T," Ministers discussed a range of other issues and indicated that they would like the IST WG to consider appropriate activities in the following areas:

- Ministers reaffirmed the importance of public awareness of S&T as a common issue in the APEC region, and noted that Japan would be hosting a symposium on this issue.
- The United States described a recent policy to assure the international community of continued free access to its Global Positioning System (GPS) and the meeting welcomed this announcement, particularly the removal of selective availability within the coming decade. It was noted that this policy should enhance the contribution of GPS to sustainable development, and Ministers asked the IST WG to explore possibilities for the innovative use of GPS in solving regional issues.
- Ministers commended the IST WG for accepting the challenge of developing a Cleaner Production/Clean Technology Strategy. Ministers were pleased to learn about the progress already made in drafting the terms of reference for the

Cleaner Production/Clean Technology Task Force and developing elements of the strategy.

- Noting the importance of health issues in sustainable development, Ministers expressed appreciation of progress made through the IST WG to address emerging infectious diseases.
- Ministers requested the IST WG to explore the need for a code of ethical conduct for researchers in APEC.

10. Seoul Declaration

Ministers adopted the Seoul Declaration which set the following goals for enhancing researcher mobility and creativity in the APEC region.

- Promote greater sharing of S&T information, training and research programs, and research facilities.
- Strengthen the exchange of scientific and technical men and women across the region through measures that might include:
 - lowering institutional and non-institutional barriers; and
 - developing new and enhanced mechanisms for exchange.
- Attract creative and talented young people to take up careers in science and technology.

Member economies will also develop individual plans and work toward achieving these goals by the year 2010. The Declaration constitutes a significant step toward recognizing and fulfilling the vision of the creation of an Asia-Pacific community through cooperative effort in the domain of S&T.

11. Next Ministers' Conference

Ministers welcomed and accepted the generous offer by the Mexican government to host the Third APEC Science and Technology Ministers' Conference in 1998 and looked forward to meeting again at that time.

12. Closing Statements

In closing, the Chair, Dr. Bohn-Young Koo, thanked the delegates for their cooperation and active contributions to the conference and noted with pleasure the agreement and progress made on the key themes of the conference. Ministers thanked Dr. Koo for his excellent chairing of the meeting, and the government of Korea for their excellent arrangements and warm hospitality.

THE SECOND APEC MINISTERS' CONFERENCE ON REGIONAL SCIENCE AND TECHNOLOGY COOPERATION

**Seoul, Republic of Korea
13-14 November 1996**

SEOUL DECLARATION

We, the Ministers responsible for science and technology from Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America, meeting in Seoul on 13-14 November 1996 for the Second APEC Ministers' Conference on Regional Science and Technology Cooperation;

In pursuance of the APEC vision to create a community of Asia-Pacific built on the economic dynamism of the region based on free trade and investment, and active and intensive regional cooperation in science and technology that will "enhance the prospects for an accelerated, balanced, and equitable economic growth not only in the Asia-Pacific Region but also throughout the world;"

Reaffirming and acknowledging the progress made in the major themes of "improving information flow, human resources development and joint research" discussed at the First APEC Ministers' Conference on Regional Science and Technology Cooperation in Beijing, 1995; and

Recognizing the need to find cooperative solutions to the challenges of rapidly changing regional and global economies through strengthened economic and technical cooperation, consistent with the Action Agenda endorsed by the APEC Economic Leaders at Osaka in order to rapidly and effectively achieve the vision shared by the member economies;

Do hereby declare as follows:

APEC VISION AND SCIENCE AND TECHNOLOGY

In order to realize the vision of APEC to create a community of Asia-Pacific as a center of gravity of world economic growth, the economic dynamism of the region has to be maintained and further strengthened into the future. This can best be accomplished by enhancing the scientific and technological capability of the region. We also reconfirm that science and technology should be used for the improvement of the quality of life for all as well as for the enhancement of the environmental quality of the region. We therefore strongly believe that in pursuing the vision of APEC, science and technology should take the role of being (1) a source of economic dynamism, (2) a vehicle to a prosperous Asia-Pacific, and (3) a means to achieve sustainable and equitable development of the region.

KEY ISSUE FOR REGIONAL S&T COOPERATION

Creativity and Mobility: Researchers Across APEC

In the 'knowledge-based' economy the human resource is a key element of economic growth. It is scientific and technical personnel who create and disseminate knowledge and constitute organizational teams for research and development. Scientific and technical men and women are therefore critically important to developing a prosperous Asia-Pacific that is supported by strong knowledge-based industries. Creative scientific and technical men and women are indispensable not only to fuel innovation but also to underpin sustainable industrial productivity and improve the quality of life for all.

Policies for science, technology, and innovation should be directed to improve access to the existing stock of knowledge, create new knowledge and new industries, and promote the participation of youth in science and technology. Such policies will enhance the creativity and mobility of scientific and technical men and women of the region. We also note that enhancing creativity and mobility of scientific and technical men and women of the region can be achieved when governments, universities, institutes, and businesses join forces to promote active exchange of and interaction among scientific and technical men and women across economic and cultural boundaries, including those who will be the leaders of the future.

ACHIEVING THE VISION OF CREATIVITY AND MOBILITY BY THE YEAR 2010

We thus agree that the enhancement of creativity and mobility of scientific and technical men and women should be a top priority of the APEC science and technology cooperation agenda. To enhance the creativity and mobility of scientific and technical men and women across the regional economies, we will cooperate to achieve the following goals:

- Promote greater sharing of S&T information, training and research programs, and research facilities:
- Strengthen the exchange of scientific and technical men and women across the region through measures that might include:
 - lowering institutional and non-institutional barriers; and
 - developing new and enhanced mechanisms for exchange.
- Attract creative and talented young people to take up careers in science and technology.

We will develop individual plans and work toward achieving these goals by the year 2010.

APEC BUSINESS ADVISORY COUNCIL REPORT TO THE APEC ECONOMIC LEADERS 1996

APEC MEANS BUSINESS: BUILDING PROSPERITY FOR OUR COMMUNITY

EXECUTIVE SUMMARY

At their meeting in Osaka in November 1995, the APEC Economic Leaders agreed to appoint the members of the APEC Business Advisory Council (ABAC) to provide insights and counsel for their APEC activities. Having been appointed early this year, we respond to this call by providing this initial report. With this, we declare ABAC's commitment to be a constructive and active player in the attainment of APEC's vision. We commit ourselves to help the APEC Economic Leaders in their pursuit of free and open trade and investment, as well as economic and technical cooperation within our region.

To achieve this, we aim to generate specific, results-oriented recommendations to advance the APEC vision in ways most valuable to the region's business and to the wider APEC community. We also intend to assess, beginning in 1997, from a business perspective, the progress being made in implementing the Osaka Action Agenda and the individual, collective and multilateral action plans that will emerge from the Manila and Subic meetings in November 1996.

In our inaugural year, we have examined five broad priority action areas which business considers critical to the momentum of the APEC process within the next few years. For each action area, we offer practical and achievable recommendations, which are outlined in this report. We submit these recommendations to the APEC Economic Leaders for their consideration at the November 1996 meeting in the Philippines.

Cross-border flows

Impediments to flows of people, goods, services, information and capital across borders directly affect business, although consumers bear the ultimate cost. We submit four flagship recommendations focused on movement towards a more productive "borderless" regional business community:

- *Endorse the creation of an APEC Business Visa and the establishment of APEC Business Immigration Lanes in ports of entry to facilitate business-related travel.*
- *Endorse the establishment of an APEC Central Registry for Trademarks and Patents to promote investment and technology flows.*
- *Develop and commit to adopt a set of common professional standards for business-related service providers in the region, to be developed by appropriate*

professional accreditation bodies, and supported by any needed legislative measures.

- *Adhere to 100% implementation of the Bogor trade and investment liberalization goals, with ABAC's continued aspirations to accelerate the process kept in view.*

Finance and investment

We reiterate the business community's desire to see the scope and reach of the current APEC Non-Binding Investment Principles expand. We offer recommendations on evaluating progress and on the accelerated implementation of member economies' commitments under the General Agreement on Trade in Services and the Agreement on Trade-Related Investment Measures. We call for the development of a multilateral understanding on the avoidance of double taxation. In particular, we offer an interim recommendation:

- *Establish APEC Voluntary Investment Projects (AVIP), under which economies can voluntarily apply a specific set of principles for enhanced investment protection to selected projects above and beyond the protection provided for in the Non-Binding Investment Principles.*

Through the AVIP concept, projects accorded higher levels of investment protection can enjoy improved access to capital. We consider that the implementation of this proposal will lead to increased investment flows within the region and demonstrate the benefits of adopting principles that protect investment.

Infrastructure

Expanded public-private sector cooperation is needed to meet the region's urgent need to expand, coordinate and rationalize investment in major projects. Our flagship recommendation:

- *Hold a series of Joint Public-Private Sector Infrastructure Roundtables in interested APEC economies to examine the infrastructure needs of the host economy, identify and recommend corrections to remove impediments to private sector involvement in developing new infrastructure, disseminate regional best practices, and establish productive linkages between entities from both sectors that are able to meet particular infrastructure needs.*

Beyond this recommendation, we offer guidelines for ways in which host and investor governments and multilateral institutions can enhance their efforts to attract expanded private sector investment in the development of the region's infrastructure.

Small and medium enterprises and human resources development

We recognize the enormous importance of small and medium enterprises in economic development and in creating employment and wealth in the Asia-Pacific region. There is no path to national development that does not involve the small and medium enterprise. SMEs provide the largest volume of productive units and the majority of employment both domestically and regionally.

The Osaka Action Agenda calls on member economies to institute policies to maintain and develop SME dynamism. To do this, frameworks of operation favorable to SMEs must be introduced to enhance their capabilities. The business environment in which they operate can also be improved through appropriate policies such as, for example, the provision of favorable financial and fiscal support. We note the constraints facing the further development of SMEs, especially in such other areas as human resources development, access to markets, technology and information. In this regard, we ask the Economic Leaders to:

- *Endorse the establishment by September 1997 of an **APEC Network for SMEs**, to function as a network of networks in each economy, linked electronically at the regional level through the APEC Center for Technology Exchange and Training for Small and Medium Enterprises (ACTETSME). It shall pursue an initial action program focusing on four key areas: human resources development, access to technology and information, access to credit and capital, and access to market opportunities. We also ask the Economic Leaders to direct appropriate government agencies to undertake actions in support of the program.*
- *Endorse the holding of **initial Roundtables** in each economy to bring together all relevant government agencies, banks, venture capital and other credit facilities or sources, associations, and SME representatives to address the growth and export financing needs of SMEs in concrete ways, with the recommendations from the Roundtable reinforced by government policy.*
- *Endorse the collection and reporting of data on **SME statistical indicators** by September 1997 to create a baseline from which targets for progress can be established.*

Economic and technical cooperation

Economic and technical cooperation is vital to the building of a sense of community within APEC. The Economic Leaders have established this as one of the two parts of the Osaka Action Agenda alongside trade and investment liberalization and facilitation. In doing so, they have acknowledged that the development needs of APEC's diverse economies cannot be met by trade and investment alone.

To facilitate effective and strategic implementation of economic and technical cooperation efforts, we ask the Economic Leaders to:

- *Launch APEC's new model of economic and technical cooperation based on strategic focus in line with the "essential elements" agreed to in the Osaka Action Agenda; partnership between government and business/private sector; and the establishment of a regional network for economic and technical cooperation.*

In formulating each of these recommendations, ABAC has attempted to contribute to the major themes of this year's APEC activities: "APEC means business" and "Building the spirit of community." We urge our region's Economic Leaders to act by transforming their vision of APEC into concrete and measurable actions that will effect significant and tangible improvements in the business environment and benefit the community at large.

LIST OF RECOMMENDATIONS

Cross-Border Flows

APEC Business Visa and APEC Business Immigration Lanes. ABAC recommends that the Economic Leaders endorse the introduction in 1996 of an *APEC Business Visa* designed to facilitate business-related travel and *APEC Business Immigration Lanes* in ports of entry. These will have the following features:

- The APEC Business Visa should have a minimum validity of five years and allow multiple entries of up to 60 days per entry.
- Expedited immigration processing for APEC Business Visa holders will be introduced at major ports of entry.

ABAC also recommends that the Economic Leaders endorse the improvement of the parameters for the issuance and extension of business residency visas between 1997 and 1999. Applications for new business residency permits should be processed within one month, and extensions of business residency visas within one week, with automatic renewal for a period of up to three years.

APEC Central Registry for Trademarks and Patents. ABAC asks the Economic Leaders to endorse the establishment of an APEC Central Registry for Trademarks and Patents. Additionally, ABAC recommends that the Economic Leaders endorse the following:

APEC should establish a program of comprehensive cooperation on intellectual property rights, which includes (a) regular exchanges of information on border enforcement and on internal measures to combat the sale and distribution of violative material; (b) identification of member economies' resource needs to fully implement the Uruguay Round Agreement on Trade-Related Intellectual Property Rights or equivalent obligations; and (c) the provision of technical assistance and training where necessary.

APEC economies should implement the Uruguay Round Agreement on Trade-Related Intellectual Property Rights agreement by 2000, accompanied by credible enforcement and the conduct of public education and awareness campaigns.

Common professional standards for business-related service providers. ABAC calls on the Economic Leaders to endorse the establishment by 1997 of a set of common professional standards for APEC-wide recognition, to be developed by appropriate professional accreditation bodies, and supported by any needed legislative measures. Towards this end, the Economic Leaders should identify in 1997 a set of common standards for business-related professional services that can attain immediate APEC-wide recognition.

Adherence to 100% implementation of the Bogor liberalization goals. ABAC asks the Economic Leaders to reaffirm the spirit of the Bogor liberalization goals by fully implementing free and open trade and investment no later than 2010/2020, with each APEC economy voluntarily undertaking efforts to accelerate the process as rapidly as its structural conditions would allow.

Customs harmonization. ABAC recommends that the Economic Leaders endorse the complete implementation of all customs facilitation, harmonization and standardization measures by 2000, and establish the following intermediate milestones:

- Adherence to the Harmonized System and the World Trade Organization Customs Valuation Agreement by the end of 1997.
- Standardization and simplification of customs documents and procedures by 1997.
- Full implementation of an APEC-wide electronic customs processing system by 2000.
- Provision of technical training to economies that require assistance, ensuring that adequate resources are devoted to such programs.

Standards and conformance. ABAC calls on the Economic Leaders to endorse the alignment of each member economy's standards in priority sectors with international standards, the adoption of mutual recognition agreements in priority areas by 1998 and the establishment of an internationally recognized Testing Authority.

Promoting subregional growth areas. ABAC asks the Economic Leaders to encourage the development of subregional growth areas among APEC member economies.

Finance and investment

APEC Voluntary Investment Projects (AVIP). ABAC recommends that the Economic Leaders establish **APEC Voluntary Investment Projects (AVIP)**, under which economies can voluntarily apply a specific set of principles for enhanced investment protection to selected projects above and beyond the protection provided for in the Non-binding Investment Principles. The following are the elements of this proposal:

- APEC should establish voluntary investment principles that can be applied by host economies on a case-by-case basis to specific projects they believe will benefit from investment protection.
- In a manner consistent with their domestic laws, World Trade Organization obligations and the principle of open regionalism, governments could declare particular projects or categories of projects as subject to these investment principles.
- An ABAC task force will consult with rating agencies, multilateral development banks and global financial institutions to specify (a) a list of investment principles to be included, and (b) other matters related to implementation. By November 1997, APEC economies should be able to identify initial AVIPs as demonstration projects, which should be reviewed in November 1998.

Improving the policy environment for cross-border investment flows. ABAC recommends that APEC economies consider the following to improve the general policy environment for cross-border investment flows:

- APEC should reinforce the Non-Binding Investment Principles by clarifying principles referring to transparency, non-discrimination, investment incentives, performance requirements, and removal of barriers to capital exports.
- APEC economies should endeavor to commit to either the immediate implementation, or a timetable for implementation, of the Non-Binding Investment Principles as part of their economies' investment regimes, and to make a declaration to that effect during the Economic Leaders' meeting in Subic.
- APEC economies should conduct a self-assessment of their progress towards implementing the Non-binding Investment Principles and report on the results of this assessment at least three months prior to the 1997 APEC meeting in Canada.
- The Economic Leaders should endorse a standstill date for investment measures.
- APEC economies should accelerate the implementation of their commitments under the General Agreement on Trade in Services and the Agreement on Trade-Related Investment Measures, with due allowance for the conditions of development and preparedness of their individual economies.
- APEC economies should establish "one-stop" investment agencies based on existing regional best practices to facilitate foreign investment.
- APEC should develop a set of specific principles constituting a multilateral understanding on the elimination of double taxation and removal of other tax barriers to cross-border trade and investment.

- APEC economies should limit the use of unilateral sanctions in connection with trade disputes and renounce the imposition of unilateral sanctions by an APEC member economy against any other member economy for non-trade purposes.
- The APEC Committee on Trade and Investment should update and augment the Guide to Investment Regimes of the APEC Member Economies on an annual basis and develop a data base and an information retrieval system harnessing electronic networks for this publication.

An Investors' Charter. ABAC calls on private investors to act as good corporate citizens of their host economies by observing the laws and rules of their host economies, cooperating with and contributing to their host society, promoting the expansion of employment and the development of human resources, and protecting the environment.

Infrastructure

Joint Public-Private Sector Infrastructure Roundtables. ABAC proposes that each APEC economy wishing to attract foreign investment in infrastructure organize a Joint Infrastructure Roundtable in 1997 to identify and recommend corrections to remove impediments to business/private sector involvement in developing new infrastructure, disseminate regional best practices, and establish productive linkages between entities from both sectors that are able to meet particular infrastructure needs.

Developing guidelines for facilitating business/private sector participation in infrastructure development. ABAC proposes that the development of a set of transparent guidelines for governments to facilitate business/private sector participation and enhance risk mitigation measures in infrastructure development projects be one of the agenda items in the Roundtable. On its part, ABAC proposes the following guidelines for consideration:

Investor economies should undertake the following actions:

- Intensify coordination between APEC economies and between export credit agencies of each economy to help finance infrastructure projects. Member economies should consider ways to promote coordination of their export and investment insurance policies.
- Cooperate with multilateral institutions to further enhance risk mitigation.
- Provide export and investment insurance adapted from successfully executed models used by Japan's Ministry of International Trade and Industry and the United States' Overseas Private Investment Corporation as the basis for a carefully structured insurance system.

Host governments should do the following:

- Maintain a stable policy and macroeconomic environment and guarantee foreign exchange convertibility.
- Ensure that the project is in accordance with clearly defined domestic development plans and programs that enjoy strong administrative and political support and are underpinned by the principle of sustainable development.
- Ensure maximum flexibility in the use of public sector funds and coordination with private sector funding.
- Promote a competition-driven environment for private sector infrastructure projects and open and non-discriminatory access to infrastructure.
- Secure appropriate and responsible risk allocation between the host government and private enterprises.
- Establish and harmonize domestic laws and regulations regarding private infrastructure projects to guarantee currency conversion, policy consistency in setting basic terms and conditions, and fulfillment of government obligations by pertinent authorities at all levels.
- Establish clear policies and well-defined means of coordination between government agencies.
- Expedite procedures for approving privately financed infrastructure projects.
- Promote business participation in APEC Voluntary Investment Projects as models for private sector participation in infrastructure projects.

Multilateral agencies should play the following roles:

- Provide technical and legal assistance to governments in developing fair and competitive bidding procedures.
- Review contracts for fairness and transparency both for the host economy and the project sponsor.
- Provide mediation services and identify mutually satisfactory solutions to help resolve issues between host governments and investors that could lead to disputes.

Areas where the business/private sector could invest. ABAC recommends that the Roundtables consider the following areas and possibilities for promoting private sector participation in infrastructure development:

- **Water, sewerage and environment.** Governments must find ways to fund the balance when the full charge cannot be passed on to the consumers.
- **Public housing.** Governments could provide tax credits to private developers of low-cost housing; allocate land for community and public housing uses by grant at zero or nominal rent; provide financial assistance for rentals to families on a monthly basis, to be reduced over time, or long-term low interest loans to promote home ownership.
- **Energy, power, pipelines, transmission, media and telecommunications.** Governments can lock in long-term (typically 30 years) pre-agreed rates with the developer and, in the case of electricity generation and telecommunications, coordinate projects with the development of a rational, cross-border transmission network to meet demand.
- **Transportation, roads and mass transport.** Governments can attract private investors to these sectors by (a) acquiring the right of way and clearing land for developers (which require strong public domain laws), (b) offering non-discriminatory tax holidays, (c) granting additional land to developers at or below market price as an additional source of repayment for the project, (d) providing grants or low-interest long-term loans to projects, or (e) offering minimum traffic guarantees or shadow toll rate structures.

Small and medium enterprises and human resources development

The APEC Network for SMEs. ABAC calls on the Economic Leaders to endorse the establishment by September 1997 of an APEC Network for SMEs, to function as a network of networks in each economy, linked electronically at the regional level through the APEC Center for Technology Exchange and Training for Small and Medium Enterprises (ACTETSME), with the purpose of pursuing action programs and promoting policy initiatives in areas that are crucial to the development of SMEs at the domestic and regional levels. It shall pursue an initial action program that focuses on four key areas: human resources development, access to technology and information, access to credit and capital, and access to market opportunities. ABAC also asks the Economic Leaders to direct appropriate government agencies to undertake actions in support of the program. The following are the elements that ABAC proposes for the initial action program:

- **Promotion of skills training.** The Network should initiate and coordinate actions that will lead to the accelerated exchange and development of skills and standards to support skills training within and across APEC economies.
- **Virtual SME University Project.** The Network should use the existing network of ACTETSME to develop an APEC-wide Virtual SME University. This virtual university, employing distance learning technology and the actual exchange of students and trainers, can deliver both pedagogic and/or actual training on technical and management skills to SMEs. This system can harness the centers of excellence on SME sector-specific technical skills and management training both in and outside APEC, facilitating the linking

of supply and demand for training within the region. This virtual SME university should also address the training concerns of young entrepreneurs and women.

- ***The SME Page.*** The Network should create an SME Page as part of the ACTETSME Home Page that can be "hot-linked" to domestic entry points. This SME Page will be used by the Network to tap, link and coordinate information network sources presently existing in APEC to harness information technology. It should provide SMEs information on human resources development, focal points in each economy, policies and programs, managerial tools, best practices, non-tariff barriers, credit programs, quality management practices and standards, and electronic partnering opportunities for SMEs.
- ***Partnership and collaboration approach to technology transfer.*** Pairings of large with small companies using this approach can benefit SMEs through technical cooperation, secondment of administrative personnel in coaching roles and sponsorship of SMEs' membership in trade and industry associations. The Network should initiate and coordinate actions to promote policies that encourage such mentoring relationships between large business and SMEs. It should also initiate such projects within and across economies.
- ***Expansion of APEC-wide networking opportunities for SMEs.*** The Network should facilitate and promote networking fora among SMEs in the region.

SME financing. ABAC recommends that the Economic Leaders hold initial Roundtables in their respective economies to bring together all relevant government agencies, banks, venture capital and credit facilities, associations and SME representatives to address the growth and export financing needs of SMEs, with the recommendations from the Roundtable reinforced by government policy.

SME statistical indicators. ABAC recommends that the Economic Leaders endorse the collection and reporting of data on SME statistical indicators by September 1997 to create a baseline from which targets for progress can be established.

Economic and technical cooperation

A new model of economic and technical cooperation. ABAC recommends that the Economic Leaders launch a new model of economic and technical cooperation based on the following elements:

- ***Strategic focus in line with the "essential elements" agreed to in the Osaka Action Agenda.*** APEC should focus on the following four priority areas: infrastructure, small and medium enterprise development, human resources development and technology cooperation. ABAC recommends that APEC should identify initial initiatives where highly-visible results are achievable in the short term.
- ***Partnership between government and the business/private sector.*** ABAC recommends that APEC develop a regional framework for public-private sector

partnership in economic and technical cooperation based on successful examples in individual economies. This requires a framework that attracts the business/private sector to provide resources and expertise through incentives that confer tangible benefits to business/private sector participants.

- ***The APEC Network for Economic and Technical Cooperation.*** ABAC recommends that the Economic Leaders agree on the establishment of the APEC Network for Economic and Technical Cooperation. This network should draw its members from government and business/private sector organizations throughout APEC. It should be managed by a board of directors from both sectors. It should finance itself through voluntary contributions from governments and the business/private sector. The Economic Leaders should assign an appropriate APEC body to work closely with governments, the business/private sector and academe to develop the network.

Abbreviations used in Selected APEC Documents 1996

3Es	Economic growth, Energy security and Environmental protection
ABAC	APEC Business Advisory Council
ACDS	APEC Communications and Database System
ACTETSME	APEC Center for Technology Exchange and Training for Small and Medium Enterprises
ADB	Asian Development Bank
AEEMTRC	ASEAN-EC Energy Management Training and Research Centre
AFTA	ASEAN Free Trade Area
ALEI	APEC Leaders' Education Initiative
ANZCERTA	Australia New Zealand Closer Economic Relations Trade Agreement
APAN	Asia-Pacific Advanced Network
APB-Net	Asia-Pacific Business Network
APEC	Asia-Pacific Economic Cooperation
APERC	Asia Pacific Energy Research Center
APII	Asia Pacific Information Infrastructure
APLAC	Asia Pacific Laboratory Accreditation Co-operation
APLMF	Asia Pacific Legal Metrology Forum
APMP	Asia Pacific Metrology Program
APT	Asia-Pacific Telecommunity
ARMS	APEC Actions Report Monitoring Systems
ASEAN	Association of South-East Asian Nations
ASYCUDA	Automated System for Customs Data
ATC	Agricultural Technical Cooperation
AVIP	APEC Voluntary Investment Projects
BAC	Budget and Administrative Committee
BOO	Build-Operate-Own
BOT	Build-Operate-Transfer
BVP	Business Volunteers Program
CAP	Collective Action Plans
CAT	Communications Authority of Thailand
CODEX	FAO/WHO Codex Alimentarius Commission
CTI	Committee on Trade and Investment
EC	Economic Committee
ECOTECH	Economic and Technical Cooperation
EDI	Electronic Data Interchange
EPG	Eminent Persons Group
EWG	Energy Working Group
ESCAP	Economic and Social Commission for Asia and the Pacific
FACTS	Facilitation, Accountability, Consistency, Transparency and Simplification
FEEEP	Food, Energy, Environment, Economic growth and Population
FTA	Free Trade Agreements
FTAA	Free Trade Agreement of the Americas
FWG	Fisheries Working Group
G-7	Group of Seven
GATS	General Agreement on Trade in Services
GBT	Group on Basic Telecommunications
GP	Government Procurement
GPA	Government Procurement Agreement
GPT	General Preferential Tariffs
HACCP	Hazard Analysis and Critical Control Points
HRD	Human Resources Development
HS Convention	Harmonised Commodity Description and Coding System
IAP	Individual Action Plan
ICSID	International Centre for the Settlement of Investment Disputes

IEA	International Energy Agency
IEC	International Electrotechnical Commission
IFI	International Financial Institutions
IMF	International Monetary Fund
INGECEP	Integrated Next Generation Electronic Commerce Environment Project
IPP	Independent Power Producers
IPPA	Investment Promotion and Protection Agreements
IPR	Intellectual Property Rights
ISO	International Organization for Standardization
IST	Industrial Science and Technology
ITA	Information Technology Agreement
ITU	International Telecommunication Union
IVANS	Guidelines for Trade in International Value-Added Network Services
JAS	Japanese Agricultural Standard
JIS	Japanese Industrial Standard
KS	Korean Standards
LMI	Labour Market Information
MAPA	Manila Action Plan for APEC
MFN	Most Favoured Nation
MIGA	Multilateral Investment Guarantee Agency
MRA	Mutual Recognition Agreements
MRC	Marine Resource Conservation
MRT/HAB	Management of Red Tide and Harmful Algal Blooms
NAFTA	North American Free Trade Agreement
NBIP	Non-binding Investment Principles
NSB	National Standards Bodies
NTM	Non-tariff Measures
OAA	Osaka Action Agenda
OECD	Organisation for Economic Cooperation and Development
PAC	Pacific Accreditation Cooperation
PAQPM	Plant and Animal Quarantine and Pest Management
PASC	Pacific Area Standards Congress
PATA	Pacific Asia Travel Association
PECC	Pacific Economic Cooperation Council
PFP	Partners for Progress
PLG	Policy Level Group
PLG-SME	Policy Level Group on SMEs
PS	Philippine Standards
PRA	Pest Risk Analysis
R & D	Research and Development
REC	Regional Energy Cooperation
ROO	Rules of Origin
SCCP	Sub-committee on Customs Procedures
SCSC	Sub-committee on Standards and Conformance
SME	Small and Medium Enterprises
SOM	Senior Officials' Meeting
SPF	South Pacific Forum
SPS	Agreement on the Application of Sanitary and Phytosanitary Measures
SRTA	Subregional Trading Arrangements
TBT	Agreement on Technical Barriers to Trade
TEL	Telecommunications
TID	Trade and Investment Data
TIDDB	Trade and Investment Data Database
TOT	Telephone Organization of Thailand
TPO	Trade Promotion Organizations
TPT	Transportation

TILF	Trade and Investment Liberalisation Fund
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
TWG	Tourism Working Group
UMAP	University Mobility in Asia and the Pacific
UN/EDIFACT	United Nations Rules for Electronic Data Interchange for Administration, Commerce and Transport
UNCED	United Nations Conference on Environment and Development
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UPOV	International Union for the Protection of New Varieties of Plants
VET	Vocational Education and Training
WCO	World Customs Organization
WG	Working Group
WGTP	Working Group on Trade Promotion
WIPO	World Intellectual Property Organisation
WTO	World Trade Organization
WTO	World Tourism Organization