



APEC IN 2007-2008

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Abstract:

Without a doubt APEC's achievements in 2007 have highlighted some of its major advantages as an organization. Flexibility in focusing its agenda from year to year and adapting quickly to major emerging regional and global issues are but a few of the features of APEC. APEC's response to climate change this year, and to pandemics and counter-terrorism in past years, are good examples of this flexibility and adaptability. And it is the non-binding, consensus nature of its modus operandi which permits its members to continue to tackle important but sensitive issues.

Keywords: APEC.

Resumen:

Sin duda, los logros de APEC en 2007 han resaltado algunas de sus principales ventajas como organización. La flexibilidad al seleccionar su agenda de año a año, y la rápida adaptación a los principales problemas regionales y globales emergentes, son sólo algunas de sus características. La respuesta de APEC al cambio climático este año, y a las pandemias y el terrorismo en los anteriores, son buenos ejemplos de esta flexibilidad y adaptabilidad. Y es la naturaleza no vinculante y de consenso de su modus operandi lo que permite a sus miembros seguir afrontando importantes pero sensibles cuestiones.

Palabras clave: APEC.

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The APEC region has experienced tremendous gains since its formation in 1989. Members account for around half of world trade, 41 per cent of world population and 57 per cent of world GDP. Per capita GDP has increased by 26 per cent compared with eight per cent for non-APEC economies. Tariffs in APEC economies have decreased from an average of 17 per cent in 1988 to six per cent in 2004. At the same time more efficient customs procedures, progress towards paperless trading, and other trade facilitation measures are saving businesses millions of dollars each year.

In achieving its status as the pre-eminent organization for promoting economic growth in the Asia-Pacific region, APEC has developed some unique ways of conducting business. Unlike negotiating bodies such as the WTO, APEC works on the basis of voluntarism, consensus and concerted unilateralism, and provides a forum for discussing best practice advice and guidelines in a wide range of governance and technical issues.

While some see the lack of negotiated binding rules in APEC as a shortcoming, APEC's approach of voluntarism and consensus in developing best practice guidelines is often a more constructive and productive way of dealing with complex issues, many of which are sensitive in domestic economies. It is moreover an approach that fits well culturally with Asian economies.

During each year, there are a large number of APEC meetings at ministerial, senior officials and expert working group level. But the Leaders' Meeting is the most visible event, and the highlight of the APEC year. At this meeting Leaders set priorities for APEC and make the key decisions that are then implemented by ministers and officials from each economy. This year's Leaders' meeting was held in Sydney in early September and the key priorities for the coming year were set.

While priorities may vary from year-to-year, APEC's core activities can be summarized as follows; first, to support multilateral trade negotiations, especially by working to achieve the Bogor goals of free and open trade in APEC developed countries by 2010 and in developing countries by 2020, and to contribute to a successful outcome of the current Doha Round of WTO negotiations; second, to make it easier and cheaper to conduct business in the APEC region in particular by removing behind-the-border barriers to trade and investment and by encouraging structural reform changes in the regulatory environment in domestic economies; and, third - through APEC's growing capacity-building program - to assist member economies, especially developing economies, to compete more effectively in an increasingly globalized world.

In 2007, APEC returned to Australia where the first APEC Ministerial Meeting was held in 1989. The Sydney Leaders Meeting in September culminated in the adoption of a Climate Change Declaration, a strong statement on the WTO Doha Development agenda, a major report on Regional Economic Integration - including further work on options for a Free Trade Area of the Asia-Pacific (FTAAP), and key reforms to strengthen the institutions of APEC.

In their stand-alone statement on the WTO DDA Leaders made it clear that political will for an ambitious outcome remained substantial, but that renewed flexibility and determination would be necessary to secure an early and successful conclusion to the WTO DDA negotiations. In their efforts to secure a successful outcome to the round it was agreed that members would work together in Geneva to support the Director General and Chairs of the key negotiating groups on agriculture and non-agricultural market access.



As tariff barriers decline, and production networks become more integrated, issues such as competition and regulatory policies, intellectual property protection and transparency are having an increasingly important impact on commerce – both domestic and cross-border. That is why APEC is increasing its emphasis on structural reform and behind-the-border issues.

Indeed APEC business partners, through the APEC Business Advisory Council, have stressed that these behind-the-border issues can have negative impacts on trade, investment and economic growth and prosperity. In order to address these concerns APEC will be hosting a ministerial level meeting on structural reform in 2008 to consider such issues as the economic benefits of structural reform - productivity, economic growth, resilience and sustainability - establishing an effective framework for competition law and policy; and how APEC can assist member economies in promoting and undertaking structural reform.

In order to encourage a coherent and consistent approach to the design and content of free-trade agreements APEC has been working on developing 'Model Measures'. So in 2007 three more chapters of RTA/FTA model measures were endorsed on: e- commerce, rules of origin and sanitary/phytosanitary measures. This brings to ten the number of non-binding chapters agreed over the past three years.

In line with a strong commitment to improve the business environment, this year saw outcomes on anti-corruption and transparency. Leaders and Ministers endorsed a model *Code of Conduct for Business*, a model *Code of Conduct Principles for Public Officials* and complementary *Anti-Corruption Principles* for the private and public sectors. While all economies were encouraged to implement these codes Australia, Chile and Viet Nam agreed to pilot the Code of Conduct for Business in their small and medium enterprise (SME) sectors.

Further enhancing business mobility within the APEC region, two new economies joined the APEC Business Travel Card scheme in 2007, bringing participation to over 90 per cent of all member economies. This remains one of the most tangible and popular products of APEC cooperation - delivered directly into the hands of regional business travelers, and making a real difference to time spent in airport queues, managing visa paperwork and easing the cost of doing business across the Asia-Pacific.

Threats from terrorism, natural disasters, contamination of the food supply and pandemics, such as avian influenza, and other health-related challenges have the potential to undermine efforts to sustain economic growth, raise living standards and reduce poverty in the region. Thus Leaders and Ministers reaffirmed the importance of APEC's human security agenda.

A few examples of some of APEC's outcomes in the area of human security in 2007 include - endorsement by Leaders of the APEC Trade Recovery Program which will facilitate the resumption of trade after a major terrorist attack, and endorsement of voluntary APEC Food Defence Principles to protect the food supply from deliberate contamination; as well as the endorsement by Leaders of a number of new counter-terrorism initiatives dealing with bomb disposal, public-private partnerships on countering terrorism, cyberterrorism, critical energy infrastructure and further work on counter terrorist financing.

Strengthening the Secretariat was a key issue in 2007, and consensus was reached on a number of major reforms. Leaders and Ministers agreed to establish a Policy Support Unit attached to the APEC Secretariat. The unit, to be funded by voluntary contributions from



members, will provide analytical capacity and policy support to APEC's trade, investment, energy and economic reform work, as well as related economic and technical cooperation.

Leaders and Ministers also agreed that the time had come to consider the appointment of an Executive Director for a fixed-term. Officials have been instructed to develop proposed conditions, responsibilities and accountability mechanisms.

Another development this year was the commitment by APEC economies to increase members' contributions by 30 per cent from 2010. This will allow the organization to better service an agenda which has broadened considerably since the last real increase in dues in 1998.

The Sydney Declaration by APEC Leaders reflects a new level of consensus in the region on climate change, which will help shape a more effective international approach to this pressing issue. APEC economies represent around 60 per cent of world energy demand, with APEC's energy imports set to double between 2000 and 2020. Addressing this issue as part of the APEC 2007 agenda was a very timely regional recognition of this global imperative.

The agreed APEC-wide goals on energy intensity and forests are therefore significant, both for the political benchmarks they establish and for the fact that, for the first time, these goals are now shared by both key developed and developing economies in the region.

Leaders also set a bold action agenda, with key agreements on long-term aspirational goals for both energy efficiency and forests. On energy efficiency, a regional goal was set to reduce energy intensity by at least 25 per cent by the year 2030. On forests, a regional goal was agreed to increase forest cover in the region by 20 million hectares by 2020. Leaders also agreed to a forward program of practical actions, including initiatives designed to improve economic growth and reductions in green gas emissions through energy efficiency, forests and climate and low emissions technologies.

As for APEC 2008 Peru will of course follow up on Leaders and Ministers instructions as well as continue with the ongoing work of the APEC forum. However greater attention will be focused on the social dimensions of free trade and investment so that all the people of the region can share in the benefits of globalization.

Embracing the theme "A new commitment for the development of the Asia Pacific," APEC in 2008 will look to boost its technical cooperation framework to better engage member economies in the globalization process by highlighting the regional goals of free trade, liberal investment policy and enhanced business facilitation. This new commitment encompasses public-private sector partnerships, heightened relationships with international financial institutions and increased cooperation with international organizations, civil society and stakeholders.

Building capacity will be a priority as it constitutes the basis for economic development and technical cooperation. Through this work, APEC will provide an environment which is conducive for economic, social and legal stability while facilitating access to global markets.

Corruption is a major obstacle to economic development in the region. In 2008, APEC will bolster its fight against corruption in both the public and private sectors. This includes the development and application of measures for government authorities to deal with corrupt individuals and those who corrupt them.



Facing limited access to skilled workers, capital, innovation, and global markets, APEC will pay greater attention in 2008 to the development of a favourable environment for SMEs which account for over 98% of the region's business and employ around 60% of the work force.

An adequate labour force is essential to all economies so that they may face the challenges and demands of the 21st century. In 2008 APEC is committed to addressing the deep linkages between education and economic development. This means not only preparing students with technical skills, but also taking into account their development as citizens of a global economy. Attention will be given to language learning, innovative strategies in teaching mathematics and science, and improving education management.

It is widely accepted that corporate social responsibility is a valuable tool for aligning business needs and operations with the provision of public goods such as human capital, environmental awareness and other social development. In recognition of the private sector's contribution to economic growth, the APEC agenda in 2008 will work to promote public-private partnerships. To overcome the disparities in the region, APEC will take the opportunity to identify key elements for an APEC strategy for social and corporate responsibility.

Reaching out to international financial institutions, multilateral organizations and stakeholders, APEC will follow a strategy for closer engagement that draws on its partners to strengthen the region's economy.

Without a doubt APEC's achievements in 2007 have highlighted some of its major advantages as an organization. Flexibility in focusing its agenda from year to year and adapting quickly to major emerging regional and global issues are but a few of the features of APEC. APEC's response to climate change this year, and to pandemics and counter-terrorism in past years, are good examples of this flexibility and adaptability. And it is the non-binding, consensus nature of its modus operandi which permits its members to continue to tackle important but sensitive issues.

