



Asia-Pacific  
Economic Cooperation

Ambassador TRAN TRONG TOAN  
Executive Director, APEC Secretariat

**APEC VIET NAM 2006:  
A RESPONSE TO THE CHANGING WORLD**

17 July 2006  
Lima, Peru

## **APEC VIET NAM 2006: A RESPONSE TO THE CHANGING WORLD**

*Ambassador Tran Trong Toan<sup>1</sup>  
Executive Director, APEC Secretariat*

*Ladies and Gentlemen,*

I would like to thank the organizers and the University of Lima for inviting me to speak to such a distinguished audience today. It is a great honor for me to share with colleagues of the Consortium of the Asia-Pacific academic centres in Peru some information on Asia-Pacific Economic Cooperation (APEC), especially at the time when Peru is actively preparing for hosting the APEC Peru Year 2008.

My presentation consists of 3 parts: 1) An overview of the development of APEC; 2) APEC in the changing environment; and 3) The APEC Viet Nam Year 2006.

### **I. DEVELOPMENT OF APEC: AN OVERVIEW**

#### **1. Formation and Development Process**

As early as the 1960s, the idea of regional economic integration in the Asia-Pacific was conceived by several Japanese scholars. The same idea was promoted by other scholars such as Dr. Saburo Okita (former Foreign Minister of Japan) and Dr. John Crawford (National University of Australia). In the late 1980s, some Japanese Government officials, especially Minister of MITI, Hon'ble Hajime Tamura, suggested the formation of a regional economic cooperation forum. The same idea was shared by the then Australian Prime Minister, Bob Hawke, who first proposed in Seoul (January 1989) the formation of a ministerial consultative forum in the Asia-Pacific. The idea of the forum was to coordinate activities of Governments for promoting economic development in the region and supporting the multilateral trading system with the WTO Uruguay Round negotiations, which were facing at that time the murky prospect of an early conclusion. In November 1989, at the Conference held in Canberra, Australia, APEC was established by the decision of the Foreign Affairs and Economic Ministers from 12 countries namely Australia, Brunei Darussalam, Canada, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the US.

The inception of APEC against the background of the unfolding geopolitical situation after the collapse of the cold war was an important landmark.

---

<sup>1</sup> The views expressed in this presentation are exclusively personal and do not represent those of the APEC Secretariat or any APEC member economy.

For the first time in the history of the Asia-Pacific, a region-wide cooperation framework for economic development emerged. The formation of APEC created a strong push for regional cooperation through trade and investment and global economic integration by advancing the WTO liberalization process.

In furtherance of the 9-point cooperation principles adopted in 1989 in Canberra, the APEC Meeting in Korea (1991) provided solid ground for strengthening APEC with the “Seoul APEC Declaration”. It contained basic principles, objectives, *modus operandi* and organization. APEC was enlarged with the admission of three economies namely People’s Republic of China; Hong Kong, China; and Chinese Taipei in 1991. In 1992, at the Bangkok Meeting, APEC took decisions on its institutional issues, including budgetary arrangements and the establishment of a permanent Secretariat.

APEC witnessed a landmark development in 1993 with the First APEC Economic Leaders’ Meeting (AELM) held in Seattle (USA), where Leaders committed to a regional “community based on the shared vision of achieving stability, security and prosperity”. APEC was further expanded with the inclusion of Mexico and Papua New Guinea in 1993 and Chile in 1994. APEC development was buttressed with the Bogor Declaration (Indonesia, 1994), in which Leaders announced their commitment to achieve free and open trade and investment in the Asia-Pacific by the year 2010 for industrialized economies and 2020 for developing economies.

In 1995, APEC adopted the “Osaka Action Agenda” (OAA), containing general principles for trade and investment liberalization and facilitation<sup>2</sup> (TILF) as well as economic and technical cooperation (ECOTECH) among members in 13 areas. In 1996, APEC endorsed the “Manila Action Plan for APEC” (MAPA), which set out a process of progressive and comprehensive trade and investment liberalization through the implementation of Collective Action Plans (CAP) and Individual Action Plans (IAPs) to achieve the Bogor Goals.

In 1998, APEC expanded to the present membership of 21 economies with the accession of Peru, Russia and Viet Nam before it imposed the 10-year moratorium on membership for the purpose of internal consolidation.

In 2001, at the AELM in Shanghai after the terrorist attack against one of its members on 11 September, APEC entered a new stage of development with the expansion of its agenda to include cooperation on counter-terrorism and security-related issues that affect trade and investment. The agenda was further elaborated at the AELM in Bangkok (2003) to enhance human security, calling for cooperation to dismantle transnational terrorist groups and eliminate the dangers posed by the proliferation of weapons of mass destruction (WMD) and their means

---

<sup>2</sup> These principles include comprehensiveness; WTO consistency; comparability; non-discrimination; transparency; standstill; simultaneous start; continuous progress and differentiated time table; flexibility; co-operation. In 2001, additional principle of ‘relevance’ was included.

of delivery. The human security agenda was later expanded to encompass the threats from SARS, avian flu and HIV/AIDS pandemic as well as natural disasters. The AELM in Chile (2004) continued to promote APEC cooperation both in economic and non-trade areas such as counter-terrorism, anti-corruption, health and natural disaster management.

In 2005, APEC completed the Mid-Term Stock Take (MTST) to assess the main achievements of APEC in all of its three pillars (TILF and ECOTECH). It recognized the progress achieved in areas designated by the OAA such as services, competition policy, IPR and customs procedures, and ECOTECH activities, which developed in parallel with the progress of TILF. All this contributed to economic growth and improvement of people's living standards in the region. Building on the past achievements and recognizing the changing environment<sup>3</sup>, APEC sketched out the "Busan Roadmap towards Bogor" by adopting future agenda items such as support to the multilateral trading system, more focus on facilitation, a comprehensive work plan on FTAs/RTAs, more ambitious CAPs and IAPs with strengthened review processes, and a focus on improving the behind-the-border<sup>4</sup> business environment. The Busan Roadmap presents a forward-looking and ambitious proposal with clear milestones to steer APEC members towards the Bogor goals.

## 2. Overall Achievements of APEC

Since its inception in 1989, APEC has been known for its high economic growth, dynamism and a large educated population supported by the member governments' strong commitments to open economic policies. At the present, APEC economies account for 57% of world GDP and around 48% of world trade. The region's attractiveness as a destination for FDI has been a prime-mover of interdependence not only within the APEC region but also globally with non-members. APEC economies account for around 30% of world FDI inflows and over 40% of FDI inward stocks. APEC represents the most economically dynamic region in the world having generated nearly 70% of global economic growth in its first 10 years of existence. It is predicted, and not without the solid foundation, that with its 21 member economies and nearly 40% of world population (2.6 billion people), the annual average economic growth rate of over 4% and huge share in world GDP and trade, APEC will certainly become the biggest economic grouping in the world by 2020.

---

<sup>3</sup> The Report recognized the factors of changing environment such as: 1) WTO DDA negotiations having now entered a critical phase; 2) Globalization of business accelerating the movement of people, goods, services, and capital; 3) The widening international trade and investment agenda with more focus on issues such as business mobility, anti-corruption, IPRs and secure trade; 4) The rapid spread of more comprehensive FTAs/RTAs as an additional mean of trade and investment liberalization and economic development; 5) The additional burdens imposed on trade and investment through the changing international security environment.

<sup>4</sup> *Behind-the-border issues* arise from the internal economic and social policies and regulations of an economy and its institutions. They include laws, policies and regulations and practices administering competition, consumer protection, education, government procurement, judicial systems, health services, infrastructure problems, investment regulation, labor market policies, IPR protection, standards, structural reform, taxation, transparency, etc.

What is even more encouraging is the fact that the members' commitment to TILF has been translated into actual positive development outcomes. The recent findings by Australian researchers show that APEC economies compare favorably with the rest of the world in all social indicators. If the UN Millennium Development goals are to be used as a yardstick, APEC has successfully attained, among others, the following records:

- Reduced the rate of population living under the poverty line, i.e. on less than US\$1 a day, by some 60% since 1990;
- Achieved universal primary education in nearly every economy;
- Closed the gap between male and female literacy rates;
- Reduced the under-five mortality rate by approximately one third since 1990;
- Increased access to improved sanitation and clean water;
- Improved many aspects of environmental performance.

It is indisputable that the impressive socio-economic achievements that APEC has recorded so far are attributed, in an important way, to APEC's efforts in TILF. Since the adoption of the Bogor goals in 1994, APEC has been able to reduce tariff rates from over 16% to just over 6% by 2004 and added to more transparency of tariffs through the conversion of many non-tariff barriers into tariffs and through the reduction or elimination of a large number of non-tariff barriers.

With those important achievements after one and half decades of its existence, APEC has become more mature and continues to confidently march forward to its goals of economic growth and building a regional community, which shares the interests of stability, security and prosperity in the Asia - Pacific.

## **II. APEC IN THE CHANGING ENVIRONMENT**

### **1. External Factors**

- *The twin trend of globalization-liberalization promotes freer flows of the factors of production such as financial capital, goods, services and human resource regionally and globally.* This trend, encouraged by the WTO, has exerted a huge impact on business and development of all economies. This trend also has a strong implication on APEC's TILF process, making it more complex and multidimensional. On the other hand, it has created a two-way interaction between WTO and APEC: APEC's success in many areas (e.g. agriculture, NAMA, services...) also depends on the success of WTO's liberalization process. In its turn, APEC can add value to WTO and help expedite works in this multilateral trading system. In the years to come, APEC will have to deal with issues that would emerge from this process so as to derive the utmost benefit from the WTO process and in return provide meaningful added value to the WTO. It is imperative

that APEC continues to lend strong and consistent support to the successful conclusion of the WTO DDA.<sup>5</sup>

- *The threat of the widening development gap.* The globalization-liberalization process, while promoting trade- and investment-led development, can also broaden the development gap among economies. There are growing concerns about the threat of the widening economic and technological disparities or a “digital divide”, especially between developed and developing economies. Against this background, APEC cooperation must offer the opportunity to bridge those gaps and to help economies share the benefits of globalization-liberalization so that the opportunities brought about by this process can be enjoyed by not only developed economies but also developing ones. Shared development and common prosperity have become the imperative order of the day for most international cooperation frameworks. APEC cooperation should bring benefits and development opportunities to all member economies as well as the people of all walks of life within an economy.

- *Pressure from the increasing trend of the establishment of FTAs/RTAs.* FTAs/RTAs has become a notable phenomenon of our time. This trend – seen from a broader prospect - helps deepen and consolidate economic interaction in the APEC region, but also creates concerns over its possible centrifugal and discriminatory effects. Furthermore, different FTAs/RTAs may contain different chapters and stipulations, which would create more complications and undue expenses to business. APEC members will have to overcome such possible situations and draw the best benefits from the process through the implementation of the “Best practices for FTAs/RTAs in APEC” and Model Measures for Trade Facilitations in FTAs/RTAs.

- *New and diverse challenges.* Over the past one and half decades of its existence, APEC has faced new challenges, which created a lot of difficulties in achieving its goals. The challenges range from the regional economic crisis to terrorist attacks, from the SARS and avian influenza pandemics to the tsunami and Katrina disasters, etc. All these have imposed additional burdens on business and caused tremendous and far-reaching consequences for the whole APEC region. New challenges arising in a fast changing world have required closer and more efficient cooperation in APEC and with other economies. Only through enhanced cooperation to cope with new challenges can APEC prove its relevance in the face of new developments in the region and the world over.

## **2. Internal Factors**

---

<sup>5</sup> The MTST Report recognizes APEC’s positive role in promoting the DDA negotiations: AELM and AMM in October 2003 re-energized the Doha Round after the setback at Cancun; the strong 2004 MRT statement helped achieve the July package, including an agreement on launching trade facilitation as a negotiating item in the Doha Round; the 2004 AMM identified three new IT products to forward to WTO for possible tariff elimination. MRT statements in 2005 and 2006 supported the Swiss formula of tariff reduction and the successful conclusion of DDA with an ambitious and balanced outcome. Earlier, APEC also played a decisive role in the concluding of WTO IT Agreement in 1996. APEC has impressive record in dealing with trade facilitation issues and non-tariff barriers beyond the formal WTO agenda.

- *Implementation of the Busan Road-map to achieve the Bogor goals.* APEC has achieved sound success in its development, at the same time, it has to “resolve the unresolved agenda” and overcome weaknesses on the way to achieving the Bogor goals. The MTST created the foundation for sketching out the “Busan road-map” towards the fulfillment of the Bogor goals of open and free trade and investment by 2010 for industrialized and 2020 for developing economies in APEC. APEC and its member economies, through collective and individual action plans, will have to heighten their political will and enhance practical activities to attain tangible outcomes in every step on its Road-map to Bogor goals.

- *New qualitative stage of development and need to enhance cooperation.* The development process in APEC has, over the years, been increasingly unfurling both in its width and depth with growing quality. As APEC has entered a new stage of development in the era of information technology and knowledge-based economy, it is now both necessary and feasible to add higher quality and substance to our development process, thus making it more stable, equitable and sustainable. The growing interdependence among APEC member economies has also strongly required stepping up their joint efforts in all areas to turn the Asia-Pacific into a region of peace, stability, cooperation and prosperity.

- *Continued trend of community building.* What will be the next objective of APEC after and beyond Bogor? The Bogor goals themselves are not an ultimate objective of APEC. Rather, they mark a certain stage (i.e. 2010/2020) in the APEC development process. And what will APEC do beyond these timeframes? Obviously, over the past 16 years, we can see clearly that APEC is being transformed from a rather weak grouping to an increasingly mature institution and is heading towards its vision of building a regional community. So far, the developments in APEC have already shown a lot of elements of a community. In fact, the community-building process of APEC has already started and unfolded in many areas. This is an irreversible trend in the long run reflecting our Leaders’ Vision on a regional community.

### **III. THE APEC VIET NAM YEAR 2006**

As the host of APEC 2006, Viet Nam closely coordinated with other members in defining the theme, sub-themes and priorities of the 2006 APEC activities in such a spirit that they reflect both the continuity and the value added of the Viet Nam year to the APEC process taking into full account the changing environment inside and outside of APEC.

#### **1. Themes of APEC Viet Nam 2006**

Proceeding from the APEC vision of a regional community and the noble goal of prosperity, APEC 2006 accepted the theme “*Towards a Dynamic*

*Community for Sustainable Development and Prosperity*". The theme recognizes the necessity to build the APEC region into a dynamic community that will be highly relevant, useful and responsive to the needs of the people in the fast-changing international environment. The theme also emphasizes the necessity to ensure sustainable development as a way to achieve prosperity, which is lasting and widely shared by both developed and developing member economies. In other words, this is to ensure that the APEC process is "human-oriented" and responsive to the UN Millennium Development Goal.

The theme is supported by four sub-themes:

*a. Enhance Trade and Investment with the implementation of the Busan Roadmap and Doha Development Agenda*

2006 is the first year for APEC to implement the Busan Roadmap to achieve the Bogor goals. The DDA negotiations are due to be completed by the end of 2006. Much remains to be gained from further liberalization and facilitation of trade and investment, especially through effective implementation of the Busan Roadmap and securing the success of DDA. The implementation of the Busan Roadmap will help to dismantle many barriers, particularly behind-the-border's, for freer flows of trade and investment. The success of the DDA will promote the development aspect by bringing about greater opportunities for developing economies through freer trade, especially trade in agriculture, services, investment. That is why, while focusing its efforts on TILF in the region, APEC exerts strong political will and practical action to push forward the process of liberalization in the WTO by helping to realize a successful conclusion of the DDA.

*b. Strengthen ECOTECH for Gap Bridging and Sustainable Development*

ECOTECH has played an inevitable role in helping less developed member economies strengthen their capacity to catch up with and to benefit from the liberalization process. New requirements have arisen from the process of accelerated TILF, from the knowledge economy, especially from the process of global liberalization and advancement of scientific and technological revolution – all these factors tend to widen the development gaps among economies. In such circumstances, enhanced ECOTECH cooperation has become all the more important to ensure the shared development among economies. ECOTECH promotes mutual benefits and bridges the development gap, and this in turn will promote sustainable development and heighten the spirit of community. Shared development must become a necessary and valuable pattern of cooperation among APEC members, which are diverse in economic, political, social and cultural setup as well as technological and development levels.

*c. Improve Secure and Favorable Business Environment*

Businesses are now faced with two main difficulties: (i) the increasing insecurity of the business environment due to terrorism, avian influenza pandemic and natural disasters; (ii) the impediments to trade and investment, including non-tariff and hidden barriers. A number of initiatives have been undertaken over the years, yet APEC has to work hard to constantly make the business environment more secure and favorable through tackling terrorist and other threats to human security as well as trade and investment flows, financial assets, economic activities. Other impediments to trade and investment such as non-tariff barriers and behind-the-border issues should also be effectively dealt with. It is necessary to establish a favorable business environment with basic elements such as non-discrimination, transparency, corruption-free, fairness and predictability. All this will help transform APEC into a business-friendly and dynamic community.

#### *d. Promote Community Linkages*

Efforts to build a regional community in the Asia-Pacific would be rendered ineffective without promoting people-to-people interaction. Enhanced cooperation to glue APEC people together through cultural exchanges and tourism activities is of paramount importance not only to facilitate business activities, job creation and economic growth, but also to help build trust and bonds among member economies across the APEC region. Cross-cultural understanding and mutual trust will bring an enormous additional benefit to ensuring a secure and favorable business environment as well as promoting peace, stability, cooperation for development and the sense of community in the APEC region.

## **2. Priorities of APEC Activities in 2006**

On the basis of the tasking by the APEC Leaders and Ministers in 2005, and in the spirit of the above themes, Viet Nam has been coordinating with APEC member economies to implement seven priorities for 2006.

### *(i) Promote APEC Cooperation to enhance Trade and Investment*

The Busan Roadmap offers the opportunity and a way to further promote APEC cooperation, among others, through tackling behind-the-border barriers to trade and investment and enhanced ECOTECH activities. While trade facilitation efforts have already been vigorously implemented, investment facilitation has so far lacked progress. In 2006 APEC attempts to give new impetus to stepping up investment facilitation efforts, which are much needed for growth and development. An Action Plan needs to be mapped out to implement the Busan Roadmap to achieve the Bogor Goals.

APEC members have a common stake in strengthening the multilateral trading system. APEC must continue to provide strong political leadership and commitment to ensure that the Doha Round reflects the development dimension and brings real benefits. The immediate goal is to ensure the successful conclusion

of the DDA by the end of 2006 with an ambitious and balanced outcome, taking into account the interests of developing members.

(ii) *Enhance Competitiveness of Small and Medium Enterprises*

Micro, small and medium enterprises (MSMEs) make up a high percentage of the total number of businesses in APEC. Thus they play an important role in supporting growth and development in terms of sources of revenue, employment and innovation. The 1997 Asian economic crisis also proved MSMEs' resilience and ability to dynamically adapt to changes and to play the role of a "buffer" for economies in the time of economic upheaval and crisis. Yet, they need a lot of support in terms of technology, improved skills, access to financial sources, land-using right, simple procedures and favorable market access... to improve their innovation and competitiveness. APEC 2006 must help create a more conducive environment for the development and innovation of MSMEs.

(iii) *Promote Integration Capacity through Human Resources Development, IT cooperation and Partnership for Development*

As APEC members enter the stage of the knowledge economy and increasingly participate in economic integration; human resource development and IT have become very important factors. They contribute to enhancing members' integration capacity and help the less developed members catch up with and benefit from the globalization/liberalization process. In this context, enhanced partnership for development offers an opportunity for members to cooperate in these vital areas with a view to improving integration capacity and narrowing the development gap among member economies.

(iv) *Enhance Human Security: Counter-terrorism, Health Security, Disaster Preparedness and Energy Security*

Threats to human security such as terrorist attacks, natural disasters, emerging avian and influenza pandemic are cross-border issues and their negative consequences may cancel out any positive effects of trade and investment liberalization. Hence, it is important for APEC members to cooperate in enhancing preparedness to rebuff all kinds of terrorist acts, natural disasters, emerging avian and influenza pandemic. Enhanced preparedness will definitely help minimize consequences caused by these sources of insecurity, thus facilitating a more secure environment for people and businesses to live and work in.

(v) *Promote Anti-corruption and Transparency*

Corruption has set a serious impediment to businesses in terms of causing higher transaction costs, distorting government policies and disrupting business opportunities, thus creating serious challenges to the integrity and reliability of the

whole legal system. Hence, APEC members need to enhance their concerted efforts in curbing corruption by, among others, enhancing transparency, fine-tuning the legal system and law enforcement to eliminate corruption. The success of the anti-corruption struggle in APEC will contribute, in an important way, to the implementation of the UN Convention against Corruption (UNCAC).

(vi) *Connect APEC Economies through Tourism and Cultural exchange*

Tourism and cultural exchange are the two major ways to enhance connectivity among APEC economies, which are very diverse in political, economic, social and cultural set-up. While tourism and cultural exchange will provide good business opportunities for members in terms of job creation, revenues, infrastructure and economic growth, they will over time help generate better mutual understanding and trust among people of different cultures in the region and thus promote the sense of community and cohesiveness.

(vii) *Reform APEC towards a more Dynamic and Effective Community*

In the fast-changing world, APEC must constantly reform itself to be more dynamic and effective so as to better respond to the needs of member economies. APEC needs to improve coordination, dynamism and efficiency of all its fora, to strengthen the project appraisal and management system to make APEC projects more reflective of APEC's priorities, and to foster closer linkage between ECOTECH and TILF as pillars of the APEC cooperation.

### **3. Initial achievements in 2006**

3.1. *Strengthening the multilateral trading system.* APEC Ministers responsible for trade reaffirmed the importance of supporting an open, rules-based multilateral trading system under WTO, noted the urgency of advancing the DDA negotiations and issued a strong separate statement calling for successful conclusion of the DDA. At the same time, APEC stepped up WTO capacity building activities through the APEC Training Course on Multi-Stakeholder Trade Policy Consultations (Da Nang, March) and Workshop on Rules of Origin of Trade in Services (Kunming, July). The aim is to enable member economies to fully participate in the WTO in general and in the DDA negotiations.

3.2. *Development of FTAs/RTAs.* Ministers reaffirmed that high-quality, transparency and broad consistency in FTAs/RTAs are important avenues to achieving the Bogor goals. They instructed officials to continue ongoing work so that meaningful and useful model measures for commonly accepted chapters<sup>6</sup> can be reported to Ministers and Leaders for endorsement in November 2006.

---

<sup>6</sup> According to the 2006 Report of the Senior Officials' Meeting (SOM) Chair to the Ministers Responsible for Trade (MRT), areas being proposed by member economies include market access for goods, trade in services, technical barriers to trade, e-commerce, transparency, government procurement, rules of origin and origin procedures, safeguards, investment, dispute settlement.

Considering the interests and concerns of the business sector regarding the proliferation of FTAs/RTAs, APEC organized the 4<sup>th</sup> SOM Policy Dialogue on FTAs/RTAs with participation of the private sector (Ho Chi Minh City, May).

*3.3. Implementation of the Busan Roadmap towards the Bogor goals.* APEC affirmed its resolution to implement the Busan Roadmap to achieve the Bogor goals. For this purpose, Ministers endorsed the Framework for the Action Plan, consisting of six major components: Objectives, Principles, Proposed Elements for the Action, Implementation, Early Harvest and Review. Ministers encouraged SOM and relevant committees to intensify efforts to develop a strong, balanced and concrete action plan for endorsement at the next AMM (Nov. 2006).

*3.4. Trade and Investment Liberalization and Facilitation.* APEC started conducting a review of the implementation of the Trade Facilitation Action Plan (TFAP), including a 5% reduction in trade transaction costs by 2006 and defining work on collective action aiming at a further 5% reduction by 2010. Ministers instructed members to develop a list of collective actions and associated capacity building activities in order to facilitate trade for endorsement at AMM (Nov. 2006). SOM also conducted the Public-Private Dialogue on Trade Facilitation (HCMC, May) to communicate the outcomes of five years' implementation of TFAP to the APEC community and called for inputs from the private sector to help define next steps for trade facilitation and to build up public-private partnership in this area.

- *Investment promotion.* SOM identified investment as a priority area for robust action. The Investment Collective Action Plan for 2006 and expanded work program to facilitate investment with concrete deliverables have been approved. APEC organized a Seminar on experiences in attracting investment from TNCs (HCMC, May) and is preparing a Seminar on Non-Discrimination Treatment in the Investment Agreement (September) and will collaborate with UNCTAD to organize a Seminar on State-Investor Dispute Settlement under International Investment Agreement (2006). Members agreed to implement (and complete by June 2007) a comprehensive study on enhancing investment liberalization and facilitation, focusing on behind-the-border barriers to investment, economic effects of removing barriers to investment and other policy initiatives.

*3.5. Strengthen IPR Protection and Enforcement.* SOM took further steps to develop the three model guidelines approved by APEC Leaders (Nov. 2005) to stop international trade in counterfeit and pirated goods, reduce on-line piracy, and prevent the sale of counterfeit and pirated goods over the Internet. Ministers instructed SOM to develop two additional model guidelines on effective IPR Awareness Campaigns and on Keeping Supply Chains Free of Counterfeit and Pirated Goods and report back to AMM and AELM for endorsement (November). Ministers supported the APEC Anti-Counterfeiting and Piracy Initiative and recommended inclusion in the 2006 Leaders' Declaration of a statement urging government entities not to use illegal software and other content on their computer

systems and networks. Ministers called on economies to steadily implement the APEC Model Guidelines to reduce trade in counterfeit and pirated goods, to protect against unauthorized copies and to prevent the sale of counterfeit and pirated goods over the Internet.

### *3.6. Improve Secure and Favorable Business Environment.*

- *Transparency and Anti-corruption.* The APEC Anti-corruption and Transparency Task Force held a 2<sup>nd</sup> meeting and adopted an ACT Work Plan for 2006 focusing on eight key anti-corruption areas. Several workshops were organized: Fighting Corruption and Ensuring Transparency (Ha Noi and Manila, January), Anti-corruption Measures for the Development of SMEs (February), Denial of Safe Haven, Asset Recovery and Extradition (Shanghai, April), the 3<sup>rd</sup> ICAC Symposium (Hong Kong, May). APEC will organize the Public-Private Dialogue on Anti-corruption and Ensuring Transparency in Business (September). Ministers instructed members to complete the assessment of implementation of the Transparency Standards by the 2006 AMM.

- *Secure Trade.* Ministers reiterated their commitments to take necessary and timely actions to improve trade security while ensuring a favorable business environment in the region. APEC has adopted three new initiatives proposed by the CTF including (i) food defense initiative to mitigate the terrorist threat to the food supply; (ii) capacity building on anti-terrorist financing; and (iii) development of an APEC Counter-Terrorism Review handbook. Ministers welcomed progress in implementing the initiatives on the safe handling of trade in radioactive sources, and the reduction of airport vulnerability to MANPADS. The 4<sup>th</sup> STAR Conference held in Ha Noi, in February was aimed at enhancing public-private partnership in the implementation of secure trade measures, while minimizing the transaction costs and burdens due to implementation of increased security measures. The Symposium on Total Supply Chain Security was successfully organized in Singapore, in July.

- *Health Security.* The APEC Health Task Force adopted the 2006-2007 Working Plan to help ensure human health and promote a safe and secure business environment in the region. APEC's Ministerial Meeting on Avian and Influenza Pandemics was organized in Da Nang, in May and produced the APEC Action Plan on Prevention and Response to Avian and Influenza Pandemics. APEC successfully organized the Symposium on Emerging Infectious Diseases (Beijing, April) and an APEC Capacity Building Seminar on Avian Influenza will be held in Viet Nam this September).

- *Emergency Preparedness.* SOM has endorsed the APEC 2006 Work Plan of the Task Force on Emergency Preparedness. The APEC Pandemic Response Simulation Exercise was successfully conducted with active participation from all member economies, and the lessons and recommendations will be reported to AMM in November. APEC is developing best practices in emergency management and information sharing in the event of a disaster or human pandemic.

3.7. *Economic and Technical Cooperation.* APEC reaffirmed the pivotal role of ECOTECH as a pillar of APEC cooperation to help member economies catch up with the process of trade and investment liberalization and benefit from it. The SOM Steering Committee on ECOTECH (SCE) has been restructured to provide strategic and effective guidance to ECOTECH activities in APEC.<sup>7</sup>

- With small and medium enterprises being an important priority in 2006, the SMEWG met in March and started preparation for the SME Ministerial meeting (Viet Nam, September) with the theme of “Strengthening SME Competitiveness for Trade and Investment” focusing on creating an enabling business environment for SME, enhancing SME capacity building and facilitating linkages for SME. The APEC Symposium on Private Sector Development (Canada, May) achieved two main objectives: to raise awareness of private sector development and to recommend future APEC work in this area.

- APEC has given the mandate to the Economic Committee to lead the research on socio-economic disparity issues in APEC and the APEC Symposium on Socio-economic Disparity was organized (Seoul, June). The symposium emphasized the importance of expanding the circle of beneficiaries of economic growth generated by trade and investment liberalization.

- The work of the HRDWG has been strengthened to help in building the capacity of economies through policy dialogues and exchanges in education. Significant work was also done by the HRD Capacity Building Network in preparing business leaders and managers for globalization.

- The cooperation in strengthening IT infrastructure and human capacity building has been enhanced through the continuous efforts and contributions made by the APEC Digital Opportunity Centre (ADOC). The ADOC week 2006 was successfully organized (Chinese Taipei, June).

3.8. *APEC Reform.* APEC Reform is one of the priorities in 2006 aimed at making APEC more dynamic and effective. The 2006 Reform Work Plan with focus on improving operational linkage, dynamism and efficiency has been endorsed by SOM. Reform FOTC will continue to work out recommendations on APEC reform and present them at SOM 3 (September).

---

<sup>7</sup> The SCE’s new composition and mandate:

- (i) *Composition:* The SCE will comprise 11 APEC Senior Officials, including Senior Officials of the current, previous and incoming host economies (*troika*) and 8 elected members. Any other Senior Officials can join the SCE on a voluntary basis and shall be given the same status as the elected members. The SCE will be chaired by the incoming host economy.
- (ii) *Mandate:* a) To develop a short term plan and priorities to best implement ECOTECH activities for the coming APEC year; b) To coordinate and supervise ECOTECH-related working groups (WGs) and provide policy guidance on ECOTECH agenda; c) To assess and recommend realignment of work plans of WGs with the overall SCE’s medium and long term work plan; d) To evaluate the progress of WGs in implementing and achieving the ECOTECH priorities; e) To approve and rank through categorization intersessionally, with the assistance of the Secretariat, all project proposals from WGs requesting Operational Account and TILF funding ahead of presentation to BMC; and take note of proposals for funding under the APEC Support Fund; f) To compile progress and evaluation reports of WGs for review and report to SOM; and g) To make recommendations to SOM so that SOM may seek decision at a higher authority on the establishment, merging and disbandment of WGs.

## Conclusion

Over the past 17 years of its existence and development, APEC has always been on the right track to achieve its long term vision of a regional community with the shared interests of stability, security and prosperity. Important achievements have been recorded in all of its three pillars, i.e. trade and investment liberalization, business facilitation, and economic and technical cooperation. APEC has become the premier regional cooperation framework, and plays the role of a factor for peace, stability, cooperation for development and prosperity in the Asia-Pacific.

The changing world environment has posed both great opportunities and challenges to APEC in its development and endeavors to achieve its goals and vision. The most important task ahead for APEC is to take full advantage of the opportunities and mitigate possible adverse impact of the challenges with a view to further remaining relevant and responsive to the needs of the people in the region. All this requires APEC to reform itself to be more dynamic and effective.

The APEC Viet Nam year 2006 is an important step on the path of development for APEC. Viet Nam will closely cooperate with other member economies to focus on the most substantive areas, which would help address the vital needs of APEC and its members in the new stage of development. With the successful implementation of its themes and priorities, the APEC Viet Nam year 2006 can certainly provide a practical and meaningful response to the new world environment and make a significant contribution to achieving APEC's goals of sustainable development and prosperity.

*July 2006*

-----